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ABSTRACT

The entitlement concept (that certain students are entitled to funds for a specified amount of education) is examined from a variety of perspectives dealing with the financing of lifelong learning. In the first paper, by Henry M. Levin, three models are described and analyzed that emphasize the extension of career development opportunities throughout the work life of individuals. A fourth model extending the concept of the provision of learning opportunities of all kinds throughout life is presented by Norman D. Kurland. George J. Nolfi, in the third paper, presents another model that purposes targeting entitlements on persons with low previous levels of education and low income. In another paper Nolfi presents a framework for the analysis of any entitlement proposal. The fifth paper, by Scott E. Sterling, examines the GI bill from an entitlement prespective and discusses the implications of that experience for more general entitlements. The final three papers in the volume examine issues basic to any entitlement approach. Douglas M. Windham looks at the problems associated with the calculation of the costs and benefits of education. Paul E. Barton examines the economic aspects of entitlements from the perspective of the interrelations of education, work, and economic development. Finally, John D. Honey examines the political aspects of entitlements and indicates the considerations that will have to be taken into account in advancing the idea in the public-policy arena. (LBH)

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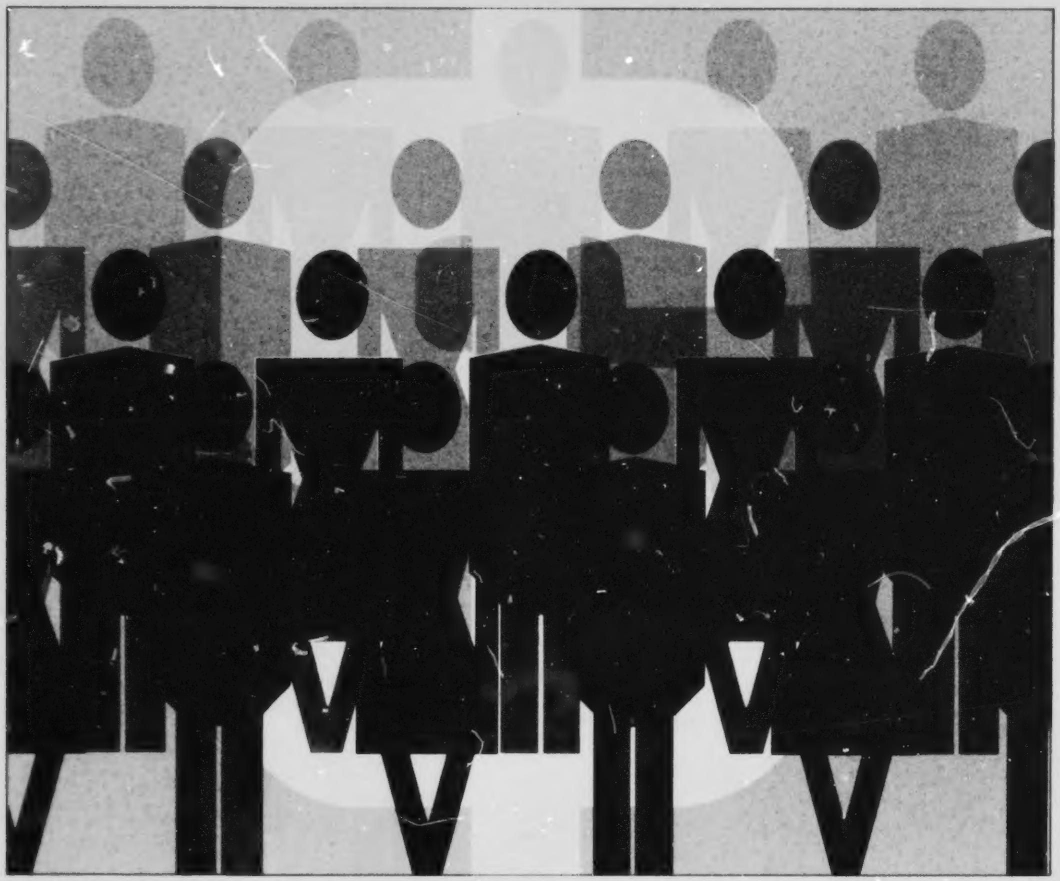

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NIE Papers in Education and Work: Number Four

ENTITLEMENT PAPERS

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March, 1977

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4. Entitlement Studies, edited by Norman Kurland, New York State Department of Education.

5. Education and Job Satisfaction: A Questionable Payoff, by Robert P. Quinn and Martha S. Baldi de Mandilovitch, Survey Research Center, The University of Michigan.

6. Paid Educational Leave: A Practical Way To Relate Work and Education and an Effective Way to Implement Life Long Learning, by Herbert Levine, Director of the Labor Education Center, Rutgers University.

7. The Career Intern Program: Final Report (two volumes--Volume I: An Experiment in Career Education That Worked and Volume II: Technical Appendices).

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INTRODUCTION

A basic issue in the public financing of education has to do with who gets the money. Historically, most public funds have gone to the institutions that provide instruction--schools, colleges and universities. They, in turn, use the funds to subsidize some or all of the cost to the student, who then gets "free" education or pays lower tuition than if there were no subsidy. Of course, the student can only take advantage of the subsidy if he attends a publicly-supported institution. Furthermore, for the most part, only institutions under public control get public funds.

In recent years there has been growing interest in granting funds directly to students as an alternative way to flow funds for educational purposes. In this approach certain individuals (veterans, disadvantaged, low income) obtain a right to a specified amount of education expressed either in terms of time (x years of free public education); dollars ($1,500 per year; 1/2 tuition) or outcomes; (completion of high school, receipt of a degree). Because a right is involved, such approaches are usually referred to as "entitlements."

The GI Bill, which provided educational benefits directly to veterans for use in eligible institutions of their own choosing, was one of the first major moves in this direction. It was followed by various state financial aid programs, some based on merit, some on need. The more recent Federal Basic Educational Opportunity Grants (BEOG) continued the Federal move in this direction at the postsecondary level.

Some readers will be aware of the flurry of interest that was generated a few years back by proposals for educational vouchers at the elementary and secondary school levels. While the voucher proposals did share some characteristics with the types of entitlements under consideration here, notably in providing for a change in the flow of public funds, they differ in two key respects:

1. The decisions about the use of the vouchers would not be made by the students themselves but by their parents; a key feature of adult entitlements is that the student makes the basic decision regarding use of the funds.

2. Voucher recipients have to attend school. The voucher only gives them a choice of where to attend, not when. This means that vouchers primarily would have resulted in shifting of students among schools, thus intensifying competition for a fixed number of students. Entitlements on the other hand extend the choice in time and, of course, need not be used at all. Thus, while they may produce some shifts among the places attended, they primarily increase the numbers of persons who may choose to seek instruction somewhere. This gives all providers--at least all eligible providers--a common interest in entitlements, since all may gain students; while under voucher plans, some schools will lose, while others gain students.

These two characteristics of voucher plans probably account as much as anything else for the speedy demise of the idea after only very limited testing. The voucher experiences, therefore, tell us very little about the feasibility of extending the entitlement approach to provide public support for adults interested in education--an idea that has attracted increasing attention in recent years, as a review of the bibliography will attest.

The purpose of this volume is to examine the entitlement concept from a variety of perspectives in the hope that it will both stimulate further discussion and suggest possible next steps in the exploration of the idea. Support for the publication of this volume by the National Institute of Education does not imply endorsement of the idea or advocacy of its adoption; it does indicate a belief that it is an idea worthy of serious consideration. Whether or not the concept of entitlement is more widely adopted, the discussion is certain to be helpful in raising and answering many issues associated with the financing of lifelong learning.

The volume begins with presentations of several possible models of entitlement approaches. In the first paper, by Henry M. Levin, three models are described and analyzed. These models emphasize the extension of career development opportunities throughout the work life of individuals. A fourth model extending the concept of the provision of learning opportunities of all kinds throughout life is presented by Norman D. Kurland. George J. Nolfi, in the third paper, presents another model that proposes targeting entitlements on persons with low previous levels of education and low income. Each author develops the rationale for the models he proposes and examines many of the questions commonly raised regarding such proposals. Other proposals would fill another volume as large as this one. We have chosen not to include them but have indicated in the bibliography the items that contain such proposals. A quick scanning of the authors and titles will indicate how varied is the interest and numerous the possible variations on the basic idea.

The diversity of considerations in each of these proposals makes comparisons among them difficult. To assist in future analyses, Nolfi, in his second paper, presents a framework for the analysis of any entitlement proposal. He identifies the elements or parameters that should be considered in assessing the potential of each proposal. Application of the framework to a range of proposals will, it is anticipated, help provide a solid basis for the public policy decisions that will need to be made.

As already noted, there are precedents for an educational entitlement, most notable being the GI Bill. In the fifth paper, Scott E. Sterling examines the GI Bill from an entitlement perspective and discusses the implications of that experience for more general entitlements. He notes that one of the problems in assessing the impact of the GI Bill results from the unavailability of adequate data. The GI Bill was never perceived by the Veterans Administration as the great social experiment it was, and thus the data that might have been helpful was never collected. This experience suggests the importance of providing, from the beginning of any such large-scale program, for a sound program of data collection and evaluation.

The final three papers in the volume examine issues basic to any entitlement approach. Douglas M. Windham looks at the problems associated with the calculation of the costs and benefits of education, problems that arise because many of the effects of education cannot be put into monetary or other quantifiable terms. Entitlements, he finds, may provide a better way to take into account such nonmonetary effects than alternative forms of funding.

Paul E. Barton examines the economic aspects of entitlements from the perspective of the interrelations of education, work and economic development. He suggests the possibility that some form of entitlement would improve the conditions of employment for workers and provide direct and indirect benefits to employers.

Finally, John C. Honey examines the thorny political aspects of entitlements and indicates the considerations that will have to be taken into account in advancing the idea in the public-policy arena. He shows why the history of American experience with such programs suggests an incremental approach. It is hoped that this collection of papers will stimulate further discussion about entitlements and the broader issues of the financing of lifelong learning. It is also hoped that this volume will suggest further incremental steps that might be taken to test the feasibility of the various proposals for solving the underlying problem--how best to support the lifelong learning needs of the American people.

Acknowledgement is gratefully made to the many people who have encouraged this exploration. Commissioner Ewald B. Nyquist and Deputy Commissioner Gordon M. Ambach of the New York State Education Department supported this line of investigation when it emerged early in the course of our Study of Adult Education. Harold Howe II, vice president of the Ford Foundation, hosted an early meeting to test the interest in exploring the idea and has given public testimony on his own view that entitlements are a direction in which we may well go. Gail Spangenberg, program officer at the Ford Foundation, shepherded the funding that made possible the papers by Nolfi (the one on the "framework"), Honey, Sterling and Barton. Harold L. Hodgkinson, director of the National Institute of Education, whose own contributions to the development of entitlement ideas is indicated in the bibliography, encouraged former NIE Associate Chris Lotze to commission papers by Levin and Honey. Corinne H. Rieder, associate director for the Education and Work Group of NIE, Ella M. Kelly, former chief of NIE's Career Access Division of NIE, and NIE Associate Nevzer Stacy have guided us to publication.

We hope these papers will justify the belief of all these people that the concept of entitlement is an idea whose time for discussion and debate has come. Each of the authors has stated his own view of the case that can be made for entitlements and the issues that must be examined. The editor takes full responsibility for the final form in which they appear here and for any errors that may have slipped in since the papers were last seen by the authors. Their present form is heavily indebted also to the able editing of Sally Barnard-Montgomery, who is also responsible for compiling the bibliography, and to my secretary, Sophia B. (Sue) Mitsch, who had to struggle with my handwriting.

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I--AN EXPLORATION OF POSTSECONDARY ENTITLEMENTS

By

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1. INTRODUCTION

Public support for postsecondary education and training in the United States can best be described as a hodge-podge of programs that have little relation to one another. Although sometimes we refer to a system of public support, there is no system. Rather, there is a labyrinth of different programs with different purposes that are sponsored by a variety of governmental agencies, and there is almost no coordination among most of these activities. For example, the Federal Government provides direct grants and loans to students as well as loan guarantees; support payments and tuition to veterans under the GI Bill and to students who are eligible under the survivor's provision of the Social Security Act; direct grants to institutions for selected instructional programs, facilities, and sponsored research and a myriad of training programs to inculcate specific job skills such as those under the Manpower Development Training Act of 1962. Although at the state and local level there are relatively fewer programs and most of the governmental support is channeled to the public colleges and universities, the same lack of systematic arrangements prevails.

It has been increasingly argued that this chaotic approach has certain undesirable consequences, particularly those of inefficiencies in the use of public subsidies. The charge of inefficiency is related to the lack of coordinated financing efforts, the exclusion of the independent institutions from many sources of public support, and the heavy emphasis on supporting institutions rather than students. The inequity assertion is related to recent studies (Hansen and Weisbrod, 1969; Windham, 1970) that have found that the state systems of public higher education seem to redistribute tax resources from lower-income families to upper-income ones as well as to certain aspects of the Federal program of Educational Opportunity Grants (Hansen and Lampman, 1974).

In recent years, there have been a number of efforts to explore methods of revising the finance of American postsecondary education. These have included the studies of the Carnegie Commission on Higher Education (1973a), the Committee for Economic Development (1973) and the National Commission on the Financing of Postsecondary Education (1973). Each of these reports has suggested that there be a major shift from the heavy emphasis on public support of postsecondary institutions--especially at the state level--to greater concentration on student support. The Higher Educational Amendments of 1972 also represent a sharp thrust in this direction with their provision of Educational Opportunity Grants that can be applied towards up to half of tuition at any approved postsecondary institution for a maximum of $1,400. The actual amount of the grant is a function of the family resources of the student and is prorated for part-time (half-time or more) study.

Particularly at the Federal level, there has been an increasing shift towards financing the student with "portable" grants or loans that might be used in public or independent institutions. In principle, the recipients could decide the type of training and institution that best fulfilled their needs, and the government grants and loans could be applied in that direction. While the movement towards student-oriented financing has been a gradual one (with the exception of the GI Bill and the support under the Social Security program), it now appears that it is time to consider the possibility of a more complete system of public support of postsecondary education through this mechanism. One form of such an approach is that of postsecondary entitlement or PSE. Essentially, a PSE would represent a promissory note that every individual meeting particular eligibility requirements would receive at a specified age, for example at 18. This promissory note would entitle the individual to undertake education or training at any institution that met the eligibility requirements to participate. Students would choose that training or education program that seems most relevant to their needs, and the participating institutions would be reimbursed by the government up to the amount of the PSE. That is, the PSE could be used as payment for appropriate postsecondary educational and training experiences.

In this report, we provide an exploratory analysis of the PSE approach and mechanism. We will begin by describing briefly the case for consideration of PSE. We will then outline three PSE models, each with somewhat different implications. Finally, we will review what might be reasonable expectations if a PSE approach were adopted. In the next section of this paper, we will discuss the ingredients for constructing a specific PSE system and an analysis of consequences of different designs. Emphasis will be placed on the mechanisms of finance, regulation, and information. Subsequently, we will review the implications of the PSE approach with respect to several specific topics that are matters of special policy discussion in postsecondary education. These topics include age, social class, race and sex. Finally, we will summarize the previous discussion and suggest directions for further exploration.

Efficiency and Equity of Postsecondary Entitlements

Under a PSE system, the multitude of Federal, state and local programs for financing postsecondary education and training would be replaced by a relatively simple approach. Each person would become eligible for an entitlement for further training and education at age 18--we will assume that this is the appropriate age--that can be applied towards any program that meets the minimal requirements for inclusion. Such programs could be sponsored by governments, non-profit agencies or profit-seeking institutions. They could include virtually all of the existing postsecondary institutions, such as the public and independent colleges and universities and training programs and proprietary institutes. They could also include apprenticeship and on-the-job training programs. The exact nature of eligibility would be determined by the goals of the PSE program and the reflection of those objectives in the regulations of the program. Since these will be discussed in a subsequent section of this report, we will not be more specific at this point other than noting that different arrangements will have potentially different outcomes.

PSE's would be composed of both loans and grants where the total amount and composition of the PSE would depend upon the family resources and other background characteristics of the student and his or her interests. For example, it would be expected that the amount of the PSE, and particularly the grant portion, would be larger the more meager the resources of the student and his or her family. The amount might also differ according to sex, race, social class, veteran status and geographical location of the student if there were compelling social reasons to alter it according to such criteria. These issues will also be explored in a subsequent discussion. In addition, the PSE might vary according to the types of training or education that the student chooses to undertake with more support being provided, for example, for study in those fields that were considered to have high social priority.

Perhaps the most important aspect of the PSE approach is that individuals could use the entitlement for any combination of eligible training or education programs up to the maximum of the entitlement. Programs would compete for students, and new offerings would arise to take account of emerging training needs. As we will note later, a public information system would be developed that would make PSE recipients aware of particular educational and training programs and the opportunities that are available in different occupational fields. This systematic provision of information would also keep potential providers of programs informed about which areas showed high student or trainee demand and which ones were less attractive. Government support of postsecondary education would be vested predominantly in the form of PSE's rather than support to institutions, and all of the existing sources of public funding would be coordinated into one overall system of financial support rather than the present confounding diversity of funding programs.

To summarize, a PSE system would have the following five general properties:

1. Public support of postsecondary education and training would be channeled to the student in the form of a promissory note or entitlement (PSE).

2. The entitlement would obligate the government to provide a specified amount of grants and loans that could be used for participating in any eligible education and training programs.

3. The amount of the entitlement, its composition between grants and loans, and the terms of loans would be determined by the family resources of the student and other pertinent factors such as his or her age, race, sex, veteran status, geographic location and training pursued.

4. Any education or training program meeting the eligibility requirements set out by government could accept students with entitlements and redeem them. Such institutions would probably include most existing public and private colleges, universities, and training institutes, as well as a multitude of public and private training programs. New programs would also be eligible to participate by meeting the specified eligibility requirements.

5. Governments would sponsor an information and regulatory agency that would provide data for participants on training alternatives and their costs as well as program descriptions and

performances, job prospects among different occupations and training specializations and the specific eligibility regulations that determine both the conditions of student and trainee participation on the one hand and the requirements that must be satisfied for program eligibility on the other.

The specific details that would govern the PSE approach will be explored in the next section of this report. It will be shown that different objectives would necessitate different arrangements with respect to the systems of finance, regulation, and information that govern the PSE program. But, given the general description that we have set out, it is possible to discuss the implication of PSE's for both efficiency and equity in the financing of postsecondary education and training.

Efficiency

The arguments for greater efficiency in financing postsecondary education and training PSE's are based upon three tenets: (1) a larger range of choices for students and trainees, (2) increased competition among providers of education and training, and (3) improved coordination of public financing programs. At the present time, a student with modest resources is limited to those independent institutions at which he can obtain a scholarship or the low-cost public colleges, universities and training programs. Even in these cases, the subsidy or financial aid might not be large enough to cover the living costs of the student. Moreover, the particular programs for which the student is able to obtain scholarships, or in the case of public ones a low-tuition subsidy, may not be the most appropriate one for the individual. For example, the geographic location of such programs may necessitate commuting or living costs that are higher than if the student could participate in programs which are situated closer to home. Moreover, the potential participant may wish to pursue a part-time program while being able to obtain scholarships or loans only for full-time study or training. Finally, the types of training or education which the student may wish to pursue may not be available in the public sector, so it may not be possible to take advantage of public subsidies without changing educational or training objectives.

By permitting the student to use an entitlement at any institution that meets the eligibility requirements for participation, an increased range of choices will be open to students and trainees. Not only will there likely be greater efficiencies from the increased possibilities of students being able to select more appropriate educational and training sequences with respect to their interests, but the reduced costs associated with possible shorter distances and living at home would also lower the associated costs of education. In addition, the possibility of increased part-time training would permit more students to pursue their careers simultaneously while obtaining postsecondary education. This wider range of choices would enable students to use the public subsidy to obtain the kinds of postsecondary education and training that seem most useful to their needs rather than having to select among only those programs that are publicly subsidized or for which they can obtain scholarships and other types of financial aid. The PSE will enable them to be certain of the financial entitlement that they will receive regardless of which of the eligible training and educational offerings they choose.

A second contribution to efficiency that might be claimed for a PSE approach is the increase in competition among education and training programs. At the present time, much of the subsidy for postsecondary education provided by government is channeled directly to the subsidization of the budgets of the public institutions to enable them to charge very low tuitions. For students from families with modest resources, the only feasible choices are these heavily subsidized community colleges or state colleges and universities. Independent colleges and universities or proprietary institutes that do not receive such subsidies must necessarily charge much higher tuitions, and even students whose families have larger incomes may choose the public institutions when differences in tuition costs are substantial between the two sets of institutions. This phenomenon is likely to be true even when the independent institutions are able to provide superior programs and results relative to total costs. As long as the student is able to receive a large subsidy at a public institution, he or she may not find it worthwhile to pay the large differential cost to go to an independent school even if the latter is considered to be superior.

A PSE approach would require all institutions to compete for the public subsidy that is vested with each student. In this way the public programs would have to compete with the independent ones, and students would decide among them. Programs that were relatively inefficient in providing education and training would tend to be less popular than ones that provided better experiences, and the less successful ones would have to modify their approaches to survive. More successful programs would be emulated by other potential educational and training providers, and there would be a strong incentive to innovate in order to maintain attractive programs at reasonable costs. Thus, the increases in competition relative to the present situation would likely make the area of postsecondary education and training a much more technically progressive endeavor than the existing industry (Baumol, 1967; Levin, 1975a).

A caution should be noted here, since it is possible that such innovations and responses will be more imagined than real as modern advertising and public relations create apparent changes that are not reflected in substantive ones. Only a vigorous regulatory agency will be able to stem such attempts by providers.

In addition to the probable gains in efficiency from expanded choice and competition, there are likely to be some improvements in the administration of public financial support for postsecondary education and training. By setting out a postsecondary entitlement for each student based upon specified criteria, many of the complications of the present system of public subsidies could be eliminated. At the present time, a student may receive a subsidy from the Veterans Administration if qualified, or from the Social Security Administration if an eligible survivor. In addition, the student may receive Federal grants under the Basic Educational Opportunity Grant program or a loan under one of several loan programs. At the post-graduate level, the person may be able to obtain a fellowship under one of many Federal programs or may receive assistance directly from institutions that have obtained Federal assistance for research and training programs. Finally, the student may enroll in a Federally sponsored or subsidized training program such as those under the Manpower Development Training Act of 1962 (Mangum and Walsh, 1973).

At the state level, the individual may also be eligible for grants or loans, but most state support for postsecondary education is provided directly to the public institutions themselves. Thus, the form of subsidy to a student is most likely to be through enrollment at a public institution, foregoing all opportunities to receive education or training at an independent institution. The combination of programs means that a student does not know for certain whether he or she will be able to obtain grants or loans or subsidies except in the case of veterans and eligible Social Security recipients. Otherwise, a person is only guaranteed public support if he or she is able to enroll in a publicly-sponsored institution or in a program at an independent institution that receives public funding. Individuals must apply separately to each of the loan and grant programs that are provided by the Federal Government, state government, educational institutions and lending institutions.

By consolidating eligibility criteria and program administration into a single approach, it is possible to eliminate much of the overlapping and duplicative efforts to establish the amount and types of student subsidy at each level. Based upon the student's characteristics, it would be possible to establish eligibility and to allocate subsequently the sources of support to appropriate government levels and agencies. That is, all of the participating states could rely upon a single Federal agency to determine eligibility and the amount and composition of student support. This would be based upon the resources of the student's family, eligibility for veteran's and survivor's benefits, field of study, geographical location, special provisions peculiar to each state and other relevant criteria. The Federal Government would also be able to check tax returns from the Internal Revenue Service to verify income data. States would retain some flexibility in the determination of the amount of aid to students if there were matching fund provisions for some PSE's or if states wished to provide additional funding to supplement PSE's. It would seem that this procedure would streamline considerably the process of ascertaining the amount of public subsidy for each student and eliminate much of the duplication and confusion in administration of the different publicly-supported programs.

Equity

The argument for greater fairness or equity in the distribution of public subsidies for postsecondary education and training is that the PSE approach would permit public funds to be targeted more precisely to those groups that should receive the highest priority, such as the poor, and would provide training and educational opportunities that might not be normally available to persons from low-income backgrounds. The fact that so much of the public financial support for postsecondary education is channeled directly to the public institutions means that in order to take advantage of such subsidies, a person must obtain his or her education or training at such institutions. But, this type of financial arrangement works to the disadvantage of lower-income families in that they are less likely to participate in postsecondary education of the type that is subsidized; when they do participate, it is in the lower-cost segments of public postsecondary education, such as the community colleges rather than the state universities; and they typically tend to participate for shorter periods of time than do persons from higher-income origins. All of these effects taken together lead to the conclusion that the present system of public support for postsecondary education tends to provide greater subsidies for the rich than for the poor. Studies of public postsecondary education in California (Hansen and Weisbrod, 1969) and Florida (Windham, 1970) confirm this inequitable distribution of public support.

On the average, the youngster from a lower-income family is less likely to have met the entrance requirements for the more expensive private institutions, and he or she is also less likely to have completed high school. These factors make it more difficult for an individual to participate in the existing public institutions of postsecondary education. Moreover, lower family resources mean that a person is less able to forego the earnings that would contribute to family income if the student were in the workplace; and it is also more difficult to obtain living and commuting expenses for the period of enrollment in a postsecondary institution. The result of all of these effects is that a person from a low-income background is less able to take advantage of existing publicly subsidized postsecondary education than is his or her wealthier counterpart.

The PSE would not limit a student's participation to only those institutions that now receive a public subsidy. The range of choices that could be financed with a PSE would be enlarged to include those education and training programs that meet eligibility requirements for PSE's regardless of whether they were publicly or independently sponsored or whether they were traditional college paths or apprenticeship and training ones. In this way, persons who did not complete secondary school or who have limited family resources that prevent their fully taking advantage of the traditional publicly-supported institutions of higher education could take advantage of other training and educational alternatives on both a part-time and a full-time basis. By offering a PSE to all persons rather than an implicit subsidy only to those who are able to attend public postsecondary institutions, all individuals could obtain public investment to subsidize the appropriate types of education and training to prepare them for careers.

Most important, those groups in society who are deemed to be the most meritorious with respect to the provision of public postsecondary educational subsidies can receive the largest PSE's and the greatest proportion of grants rather than loans. Thus, the amount and type of PSE subsidy can be tailored to the social class, race, sex and other characteristics of the recipient. Society can set a deliberate policy with respect to which groups will receive the largest subsidies and greatest encouragement to undertake postsecondary education and training, and the PSE can be designed accordingly. The result is that government can provide a larger subsidy for the poor or other deserving groups rather than leaving the distribution of subsidies to the particular set of enrollment decisions at one set of public institutions that tends to be more oriented towards students from relatively advantaged backgrounds. The flexibility of the PSE approach as well as the setting of the size of the PSE according to individual and family circumstances is likely to provide a much more equitable outcome with respect to the distribution of publicly subsidized postsecondary education and training than is the existing potpourri of plans with their heavy focus on directly supporting the public institutions.

The equity arguments may be misleading, in one sense. While it is likely that the distribution of public support for postsecondary education would be altered, especially in the direction of persons from low-income families, there is a tacit implication that such redirection will have a salient effect on the distribution of incomes and earnings. What must be emphasized is the fact that postsecondary investments only operate on the supply of human skills and capabilities and not on the demand for them. In a society which has relatively high levels of unemployment and underemployment--25 percent by some estimates (Gross and Moses, 1972)--the changes in the distribution of human capital investments might not be reflected in the distribution of earnings and employment. This is particularly true among blacks and the urban and rural disadvantaged where the low incomes and levels of employment seem to have less to do with inadequate education than with discrimination and inadequate numbers of productive jobs (Harrison, 1972; Thurow, 1972).

Perhaps what is most important in this assessment is that there is already an abundance of human skills relative to the jobs available for employing them as reflected in the upward spiral of educational requirements for specific jobs that seems to be taking place (Berg, 1970; Thurow, 1972). There are inadequate numbers of jobs for utilizing the levels of skills and talents that already exist in the United States and there are not enough jobs in the aggregate to employ all who want to work.

Finally, the jobs available in urban ghettos, rural underdeveloped areas such as Appalachia, and for such groups as racial minorities and women are in especially short supply with respect to both the quantity of such employments and quality of such jobs. Without an expansion of productive employment in favor of these groups and for the economy as a whole, even massive improvements in the levels of and distributions of postsecondary training and education will not provide concommitant increases in earnings and employment. That is, PSE's should not be looked upon as a replacement for job development. If the relative job scarcity and low productivity of many existing jobs persists, changes in the efficiency and distribution of postsecondary education and training will have only the most nominal effects on the level of social productivity and the distribution of income (Levin, 1975b; Thurow, 1972).

One of the major strengths of the concept of PSE's is their flexibility in providing choice and integration with the existing system of postsecondary education and training. This flexibility means that a variety of plans with rather different objectives can be quite consistent with the overall approach. To illustrate this property of PSE's, we present three possible models. In Model I, entitlements can be used only for postsecondary formal education and training. Model II includes non-formal education and training activities as well as apprenticeships and on-the-job training. Model III includes all of the components of Models I and II but permits some investment of entitlements in complementary physical capital that is necessary for particular careers.

Model I - Postsecondary Formal Education

This is the most conservative implementation of the PSE approach and would include education and training only under the aegis of formal institutional programs. In general, the opportunities that would be provided for are those that are covered under the GI Bill. These include public and private colleges and universities as well as proprietary institutes, vocational schools and correspondence institutions that have been set out by the Veterans Administration. Under a PSE program, these institutions would be accredited on the basis of criteria that are set by the regulatory agency. These might include the provision of information on programs, enrollments, personnel, costs, placements, financial responsibility as reflected in total assets or length of experience or a performance bond and a willingness to meet certain minimal requirements such as rules with respect to refunds when participants are dissatisfied or are unable to complete the program. This model might also make some provision for part of the entitlement to be used for placement services if the institutions do not provide such services. It is interesting to note that a feasibility study of the use of entitlements for institutional training for participants in the Work Incentive Program (WIN) was undertaken in Portland, Oregon, in 1974 (Richardson and Sharp, 1974). The application bore a strong resemblance to Model I that we have described.

Model II - Postsecondary Formal Education Plus Non-Formal Training Opportunities

This model would include all of the eligible programs from Model I but would also enable participants to select non-formal training opportunities such as on-the-job training and apprenticeships. The latter would be initiated with a formal agreement between a business firm, government agency or union and the individual setting out the conditions of training, the process, length of time, content and goals of the program as well as the method of evaluating the results. A summative evaluation would be required for each trainee and for the PSE authority certifying the results of the training, and the agreement would have to be approved by the PSE regulatory agency before entitlements could be used to fund it. Some criteria would have to be set out with respect to the types of training that would be eligible for PSE support. It is important to note that just as the GI Bill represents a precedent for Model I, on-the-job training programs of the Manpower Development Training Act (MDTA) represent a precedent for the non-formal training provisions of Model II. Under MDTA, employers are reimbursed for training costs for program participants, and there is now a wider variety of experience under the program (Mangum and Walsh, 1973; Mangum, 1968). Entitlements have been used in experiments for placing veterans in public employment programs in Orange County, California, and they have also been used in the income maintenance experiments in Seattle and Denver to provide manpower training choices to recipients (Richardson and Sharp, 1974, p. 3).

Model III - Postsecondary Formal Education, Non-Formal Training Opportunities, and Complementary Physical Capital

This is the most comprehensive of the three models since it includes not only the provisions of Models I and II, but it also permits the use of PSE's for the purchase of tools, facilities and equipment which can be used in conjunction with employment. Under this model, the recipients of PSE's could allocate the entitlement to education and training and to capital investment that is approved by the regulatory agency as being pursuant to their careers. In this way some persons could not only obtain requisite job skills, but they could create jobs for themselves by investing in the physical capital that is necessary to work with (Levin, 1972). Such entitlements might be pooled with those of other recipients of PSE's if a larger capital investment is required. This arrangement might be facilitated through the creation of community development corporations.

Such entitlements could also be used as initial payments on capital that could then be financed with regular bank loans. Thus, a portion of the PSE could be used as seed capital that would increase the probability of obtaining capital from other sources. Thus, the personal use of PSE's for physical capital could create jobs, particularly in the service sector where large amounts of capital are not as necessary as in production. Examples of such services are those of mechanics, carpenters, artists, bookkeepers and accountants, landscape architects, business consultants and so on. In this way the entitlements could be used not only to increase human capital, but to increase physical capital as well. Since it is the insufficiency of jobs that is the Achilles' heel of any program that would concentrate on improving education and training without concommitant increases in job creation and upgrading, this model of post-secondary entitlements represents at least a partial answer to the problem. Of course, this model also has the greatest requirements with respect to the regulation and monitoring of the entitlements; and the particular provisions would have to be worked out with utmost care to avoid abuses.

Comparisons Among the Three Models

Model I represents the most limited approach in that it does not open up training opportunities to PSE recipients. It does enable a larger choice of standard types of post-secondary educational alternatives than does the present system.

Model II represents a substantial improvement in terms of training options since it does allow new educational alternatives to develop for students. Since it would also reduce the cost of training to employers, it would also be embraced by many firms as well. In addition, it would facilitate the development of cooperative education programs (Knowles, 1971), since the PSE could be split between educational institutions and firms. Yet Model II does have one problem which should be noted. During the prosperous part of the economic cycle, employers would need workers so badly that they would train them even without the incentive of PSE's. Thus, PSE recipients would be likely to save their entitlements or to allocate them to the educational options since they could obtain training without a PSE. But, during the declining part of the economic cycle, PSE recipients would seek training programs with the hope that they might lead to jobs. Firms would be likely to solicit PSE trainees in order to increase revenues from training to replace some of the lost revenues from products and services. But, the fact that few jobs would be available would mean that most of the trainees would not be employed, and there would be incentives in such a system to train far more persons for any particular occupation than the occupation could absorb.

In contrast, Model III permits the option of individuals or groups of individuals investing in their own enterprises. In a modest way, this can counter a major problem that we raised, that of inadequate job demand. By providing the complementary physical capital for job creation, Model III represents a potential response to the present dearth of employment for trained and educated labor. In addition, some of the loathsome aspects of work could be modified by designing PSE enterprises to give employees greater participation in the decision-making process (Jenkins, 1974; and U. S. Department of Health, Education and Welfare, 1973). For these reasons, we view Model III as the most promising of the three alternatives.

Comparison with Other Entitlement Proposals

There are a number of approaches that share some of the same characteristics of PSE's but have different goals. The most important of these is that of lifelong learning entitlements. While there are many versions of lifelong learning, or recurrent education as it is sometimes called, all share the common principle that education should be made available to the population over their entire lifetime rather than just during the period of their youth. Several different versions have been proposed for the United States (see Kurland paper in this volume; Benson and Hodgkinson, 1974); and the idea has been discussed at a national level at a conference sponsored by the National Institute of Education (Mushkin, 1974). The idea has been presented at the international level as well (Faure et al., 1972; Simmons, 1973).

While lifelong learning would share with PSE's the flexibility of providing postsecondary education and training over the life cycle, the PSE approach is devoted more strictly to career preparation than the lifelong concept. Under the latter approach, education could be taken for its own sake because of the assumption that "it is a good thing" and would be financed from public funds. We are not convinced that education or training in this very broad sense should have higher priority in the claim on public funds than such areas as job creation, health care, public assistance, mass transit and other social needs. Accordingly, we have limited the PSE concept to assisting individuals to prepare themselves for jobs; our three models reflect this focus. Perhaps it would be useful for a later dialogue if a fourth model were proposed that were oriented towards lifelong learning *per se* without restriction to careers.

For similar reasons, we have not emphasized the application of PSE's to educational leaves. Such leaves have been suggested in recent years for both retraining and rejuvenation purposes (Kurland, 1974e; Striner, 1972), but they would not necessarily require the recipient to undertake further career preparation. Rather, they could be used for a wide variety of purposes including prolonged vacation (Kurland, 1974e). This type of plan has more of the earmarks of providing a break from the loathsome aspects of work than it does for career training and retraining, and we do not believe that PSE's should be used to counter the alienation and other degrading aspects of work as some other commentators do (U.S. Department of Health, Education and Welfare, 1973). In fact, we think that it is important to stress that the distressing quality of much of working life is an integral part of modern, hierarchical capitalist work organization; and PSE's or educational reforms more generally should not be viewed as a major solution (Behn et al., 1974). Changes in the nature of work can only be made by attacking directly the structural relations and control apparatus that define work organization, and educational reforms should not be expected to have a salient effect on the internal characteristics of the workplace.

2. CONSTRUCTING A POSTSECONDARY ENTITLEMENT PLAN

In this section, we will describe the finance, regulatory and information systems that are an integral part of a PSE approach. During this exploration, we will refer back to the three models for illustrative purposes. However, we will not review sequentially each model with respect to the other provisions since we believe that the implications of the finance, regulatory and information systems will be relatively straightforward for the general models. Where they will require greater detail is in the precise implementation of any particular model, and that is not our present task.

While we have made some general comments on the nature of postsecondary entitlements and their impact on the efficiency and distribution of postsecondary training and educational opportunities, it is obvious that the specific consequences of a PSE approach depend upon the particular features of the plan that are adopted. In the previous section, we mentioned three general models that might be considered, but even these require much more detail before one can ascertain what their impacts will be. In this section, we will describe the three major components for constructing a PSE plan. These three components are referred to as: (1) the finance system, (2) the regulatory system, and (3) the information system. The specific details of these three systems when taken together will determine the operations and outcomes of the PSE approach.

The finance system refers to the determination of how much the entitlement will be and how it will vary according to the characteristics of the participants and the options that they choose. The finance component also refers to the composition of entitlements between loans and grants and the particular details of the loan and grant provisions. The regulatory system is designed both to set out the rules of eligibility for participation and the conditions of participation, as well as to determine the nature and scope of the regulatory agency that will monitor and enforce the provisions of the plan. The information system describes the particular approach for making participants and potential participants aware of the PSE plan, of eligible postsecondary training and educational alternatives and of the descriptions and other relevant data on alternatives.

The purpose of our analyses of these three systems is to demonstrate how they are used to address the objectives of the PSE approach. That is, the goals of the PSE model can only be implemented by constructing the particular finance, regulatory and information systems that fulfill those objectives. In this section, we will attempt to show how specific goals correspond to a particular set of financial, regulatory and information provisions. The focus of the discussion will be on the mechanisms and their implementation to meet particular ends rather than on a detailed design for a PSE system. In other words, we wish to suggest the questions that must be asked in constructing a PSE model and the ways in which the finance, regulation, and information systems can be designed to be consonant with the answers to those questions. The analysis will be heuristic in the sense that we will emphasize the principles that might be used in constructing a PSE system with the three components rather than dictating the specific provisions that we would construct. The latter represents a much more detailed and complicated exercise, and it cannot be done without a more precise picture of the parameters that will be imposed on a PSE system and the objectives that will be sought.

Finance

Among the questions that a system of finance for postsecondary entitlements must answer are the following: (1) What will be the source of public revenues for PSE's? (2) What will be the magnitude of the entitlements? (3) How will entitlements vary according to the characteristics of the recipient and his or her educational or training choice? (4) What will be the composition of entitlements between loans and grants? and (5) What will be the total public support requirements for PSE's?

Each of these questions will be taken in turn. An attempt will be made to suggest what the relevant options might be, given the implied goals of improved efficiency and equity in postsecondary education and training participation. In some cases, it will be more difficult to narrow the alternatives than in others, because such a narrowing often will depend upon other prior considerations which cannot be determined in this general discussion.

Source of Revenues

What will be the source of public revenues for PSE's? Public support for the subsidized portion of a PSE can either be derived from general revenue funds--such as those from the income tax, sales tax, corporation income tax and other general taxes--or from an earmarked source. The latter is often used when there is some particular rationale to obtain tax revenues that can be linked to the service which they will finance. For example, in many states the gasoline tax is allocated to state highway construction and to mass transit and/or automobile pollution control.

The income tax or some other broad-based tax that is related to income would seem the most appropriate source of finance for PSE's. It is assumed that the main effect of PSE's on any particular tax source would be their impact on increasing the income of the PSE recipient. Therefore, a portion of that higher income would be recouped automatically by a tax on income; and this would seem a logical way to subsidize PSE's. The income tax also has the advantage of a high degree of flexibility in its application to persons who are considered to be in different circumstances (e.g., large families vs. small ones, level of health expenditures required, and so on); and it has represented one of the more progressive tax structures among U.S. taxes with respect to its incidence on income (Pechman and Okner, 1974, p. 59). All of these factors suggest that the income tax is an appropriate source for financing PSE subsidies.

Some proponents of PSE-type programs have suggested that they be financed through a payroll tax that would provide a trust fund for such expenditures similar to that of the Social Security program (Kurland, 1974e; Striner, 1972; U.S. Department of Health, Education and Welfare, 1973; Carnegie Commission on Higher Education, 1973b). The principle underlying this view is that educational leave and lifelong education are necessary ingredients for everyone--at least everyone in the labor force--and a provision should be made for this need by imposing a mandatory tax on employers and employees that would be earmarked for such a function. The use of the payroll tax and a social security type of trust fund mechanism for financing PSE's has a number of very serious deficiencies. First, unlike the social insurance concept, the use of the PSE is voluntary rather than being based upon either a certain event (retirement at a particular age) or a contingency such as death or disability. Thus, the social insurance parallel does not seem to be a compelling argument unless the PSE were narrowed to a scheme for retraining only those persons who lost their jobs because of economic conditions or obsolescence of skills.

Second, the payroll tax is probably the most regressive major tax in the U.S. tax system (Pechman and Okner, 1974, p. 59). It is a tax on labor earnings rather than such sources of unearned income as rents, dividends, profits, and interest; and this factor means the very sources of income that characterize the rich are untouched while the working poor and lower-middle class are forced to pay a new and mandatory tax out of their meager earnings. In addition to this inequity, the payroll tax generally is levied at a flat rate up to a maximum level of earnings. That is, earnings beyond the maximum level are not taxed. This too means that a higher proportion of a poor person's income will be taxed than a rich person's. It was estimated for 1966 that the payroll tax represented about twice as high a proportion of annual incomes under $15,000 as it did incomes in the $30,000-$50,000 range (Pechman and Okner, 1974, p. 59).

Size of Basic Entitlements

The following factors would seem to be important in setting the size of the basic entitlements: the cost that the government now incurs in subsidizing students in public institutions of higher education and publicly-supported training programs, the total direct cost of postsecondary education and training for typical careers, and the foregone earnings or the costs of maintenance for a student for his or her normal living expenses. The importance of the present government subsidy is that it gives a guideline for the level of support to postsecondary education that the government is already willing to provide. The total cost of various types of training might be instructive for modifications of this amount. Finally, it is important to consider the other costs of obtaining postsecondary education and training that are reflected in the lost earnings of students or the costs of maintaining the student during his or her period of study in order to ascertain whether these should be subsidized.

Typically, the annual subsidy per student in four-year, public institutions in states such as California is about $2,500, suggesting that the state is willing to pay about $10,000 for the four-year course of study leading to a B.A. degree. Although a subsidy of this size is not currently available to persons who attend the community colleges, the independent institutions or to those individuals who do not partake of public postsecondary education or training, it seems reasonable to believe that under a PSE approach this amount would be available to all participants regardless of their postsecondary educational or training choice. If this logic is acceptable, the basic entitlement that any student would receive would be about $10,000 to be allocated over a period of four years or longer. Of course, this basic amount would have to be adjusted over time for changes in the price level as well as changes in the willingness of society to finance postsecondary training and education.

An entitlement of $10,000 would become available to each person at age 18 to assist in the financing of a postsecondary preparation for a career. Depending upon the regulations for determining eligibility of particular types of training and educational experiences and related investments, each individual could allocate this amount over a minimum of four years to the programs that best meet his or her needs.

But even this amount would not be adequate to cover the direct costs (tuition, education supplies, transportation) of many private training and educational sequences. The student cost for an independent four-year school is two to four times as expensive as that in a comparable public institution. This reflects the fact that on the average, student tuition covers 60 percent of the cost of education at private schools, but only one-sixth the cost in public institutions. Nor would the entitlement be enough to compensate for the indirect costs incurred by the student--foregone earnings and the living expenses of students during a lengthy period of study.

Accordingly, it may be necessary to consider possible additions to the entitlements in the form of government-guaranteed loans or income-contingent loans that are available to students to pay the additional direct and indirect costs. The former type of loan would carry a relatively low rate of interest because the government would guarantee its repayment, while the latter type of loan would be repaid over the person's lifetime on the basis of an annual repayment rate based on income. The specific form of government subsidization of interest on loans could include loan guarantees, bonuses to private-lender institutions during periods of high interest rates, payment of interest on the loan while the student is in school and/or deferment of payment on the principal of the loan. Under Model III of a PSE program, income-contingent loan programs would be particularly advantageous to individuals who seek to create their own educational and employment opportunities, allocating a portion of the PSE for education and a portion for complementary physical capital. Their income is likely to be modest, at least at the outset; and an income-contingent loan plan would offer relief from being saddled with a sizable debt while the individuals gain their business feet. The composition of loans and grants might vary according to the social-class background of the eligible individual and other factors. These factors will be discussed below as well as other criteria which might require an alteration of the basic entitlement.

Characteristics that Might Alter Basic Entitlements

While the setting of the basic entitlement is necessary for establishing a general baseline for the PSE program, it is necessary to consider the circumstances under which the entitlement might be varied because of the particular characteristics of the recipient or because of the recipient's educational or training choice. For middle- and upper-income families, an entitlement of $10,000 might be quite adequate for enabling their offspring to undertake postsecondary education and training. While $10,000 might not be enough to pay all of the direct costs and the living costs of the postsecondary endeavor, such families have additional resources to provide such payments. Thus, a combination of family resources, student earnings from part-time work and summer employment and loans could be used to supplement the entitlement.

But, persons from lower-income backgrounds are not in such an enviable position. Their families are less likely to provide either the additional direct costs of postsecondary education such as the balance of tuition or expenses for books and materials that might not be covered by entitlements. They are also less able to provide the living expenses and to forego the earnings contributions that their offspring could make if they had worked rather than studied. Finally, even their access to part-time work might be compromised relative to their more advantaged counterparts because of their lack of connections and information which often secure such jobs for middle- and upper-class youngsters.

Accordingly, it would seem that to obtain high levels of participation in postsecondary education and training among low-income populations, it will be necessary to provide entitlements that would cover other educational expenses as well as the costs of maintaining the trainee or student. One important aspect of the finance system would be to design the entitlements to take account of differences in family backgrounds and resources. As we will note in the next section of this report on special issues, it may also be necessary to consider how the size and nature of the entitlement might be varied according to race, age, sex and geographical location of the recipient in addition to the student's social class.

A second dimension along which entitlements might be expected to vary would be in those cases that training programs were of unusually long duration while having a high social benefit. For example, some of the health professions programs fit this category. In those cases, the amount of the entitlement might be increased in order to account for the relatively longer training period and to encourage persons to enter those professions. Of course this type of problem might also be solved by a liberal policy of loans that could be repaid from the future earnings of the recipients. Certainly, additional subsidies for the training of physicians will not in themselves expand the number of physicians who are trained; and such graduates can easily pay their loans out of their extraordinarily high incomes received during their professional lives. Thus, the adjustment of entitlements for long program duration and high program costs should be justified on the basis of associated social benefits of the policy rather than automatically allocating a larger entitlement for more expensive training.

Composition of Entitlement between Loans and Grants

A very important issue that has arisen more generally in the debate over postsecondary educational and training finance is the justification for providing grants rather than loans. According to some analysts (e.g., Friedman, 1962), the primary benefits from postsecondary investments are those received by the individual in the form of higher earnings. Accordingly, they recommend that assistance for such education and training take the form of income-contingent loans, those that are repaid out of the higher earnings received by those with the additional training. This type of approach has been reviewed substantially in recent years (Hartman, 1971; Hartman, 1972; Johnstone, 1972). An alternative argument is that the benefits of such educational and training endeavors are shared between society and the individual, and some basis is supplied for providing a subsidy for postsecondary educational and training endeavors. These benefits include the benefits of equalizing access to educational opportunities. Even in this case it is not argued that society should bear all of the costs of postsecondary education but only that portion which reflects the social share of benefits.

But, the territory between the social provision of complete grants for all postsecondary training and education and that of loans, alone, is a vast one with all types of combinations of loan and grant plans. Thus, it is important to reflect on the composition of entitlements between loans and grants. We have suggested at the outset of the design of the entitlement that one possibility would be to provide a $10,000 entitlement for everyone with some increase in entitlement for selected populations that are considered to be disadvantaged with respect to postsecondary education and training opportunities. We also suggested that a system of loans should be provided for persons who need more than the $10,000 or other set amount.

But, there exist a number of other possibilities for combining grants and loans into "dual entitlements." For example, it may be more useful to think of every person being eligible for a specified sum of grants and loans depending upon family background. In such an instance, the person from a very wealthy background would only be eligible for a "loan" entitlement to be repaid out of his or her future income. The person from the most disadvantaged families would be eligible for a "grant" entitlement that would cover both the direct costs of education as well as living costs. Between these two extremes, the plan would provide various combinations of loans and grants so that the person who came from the middle of the social class distribution received the $10,000 grant entitlement and was also eligible for loans. An individual somewhat higher on the social class scale would receive $8,000 in grants and loan eligibility.

Such an approach would have a number of advantages over the flat entitlement grant. First, individuals who came from families that had ample resources to pay for their postsecondary training and educational experiences would not receive as large a subsidy as those from families who lacked such resources. Yet, even if the children in such families wished to establish independent status, they would be eligible for loans so that they would not be dependent upon their families' largesse. Since the loans would be repaid out of their future income and they would be likely to share in the financial resources of their families eventually, such an arrangement would create flexibility, independence and still a modicum of equity. Second, individuals from middle-income backgrounds would receive a dual-entitlement of grants and loans that would provide an appropriate subsidy while accounting for their family resources. Again, a substantial amount of flexibility would be afforded the student and his or her family in choosing how much of the expense beyond the entitlement grant would be funded from family contributions, student earnings during postsecondary programs, and loans that would be repaid from future earnings.

While there is a recent spate of literature that argues for substantial grant entitlements for everyone, with drawing rights over a lifetime--e.g., see the bibliography in this volume--the financial claims for such a plan must be balanced against many other social needs. The lack of income maintenance, shortage of jobs, inadequate medical care, public transportation, child care and many other areas must all be considered in assessing the resource commitments to "lifelong education." While the plans of Kurland (1974e), Benson and Hodgkinson (1974), Carnegie Commission on Higher Education (1973b) and Striner (1972) are provocative and have many merits, the resource commitments cannot be passed over without assessing the value of social investments in these areas in comparison with those in other areas. As we have argued previously, providing remedies for inadequacy of jobs both quantitatively and qualitatively would seem to be a higher priority in many respects than a wholly subsidized system of postsecondary education and training. We realize that this issue will have to be debated and weighed in designing the financial component of a PSE plan.

Total Public Support Requirement

A final related issue on financing a PSE plan is what it will cost government. The answer to this query depends on the specific construction of the plan between loans and grants and the degree to which existing public subsidies to postsecondary institutions and training programs, as well as those given to individuals under existing grant programs, would be combined to underwrite a PSE approach. The complicated nature of this problem is reflected by the fact that most direct support for postsecondary education is provided by the state and local governments in their funding of the state and local colleges and universities. To these one might add state scholarships and loans. But, the Federal Government also provides both direct support for training programs and institutions as well as grants and loans to students. Moreover, the Federal Government provides "entitlements" to both eligible veterans and to eligible students under the social security survivors' provisions.

Thus, an estimate of the total cost to the public sector must not only take into account the nature of the entitlements under the PSE plan, but it must also determine how much of the PSE program will replace existing financing programs. For example, if the Federal Government were the sponsor for such a plan, states would have to be willing to "piggyback" their own resources on top of Federal resources to fund the entitlements. This would require a major shift away from the present state financing of institutions and programs to direct support of students. Without such state participation, it is not likely that enough public funds could be found to support an entitlement approach at a $10,000 level.

A second problem with consolidating existing programs is raised by the veterans' and social security benefits. These payments are guaranteed to the recipient on the basis either of having served in the armed forces or of social insurance provisions. In both cases, the grounds for eligibility have little to do with a PSE plan which just requires an individual to reach the age of 18. Rather, the benefits have either been earned by having participated in the armed forces or by having come from a family entitled to social security benefits as a consequence of the disability or death of the head of the family. But, in that sense, the benefits from such programs are fully earned and should not be counted against PSE amounts that the person should otherwise be eligible for. One possible solution is to count entitlements only against the direct costs of postsecondary education and training for veterans and social security recipients. In that case, the funds for paying living costs would not be affected by the PSE plan, but only the tuition or other educational costs would be replaced by the PSE. Such an approach would increase the total amount of benefits to both groups without reducing their maintenance support. In fact, to the degree that such recipients were drawn from disadvantaged families, the entitlements for living costs could be supplemented if a plan were adopted that compensated for such backgrounds.

Summary

There are a number of issues that would have to be explored before determining the financial aspects of PSE's. These include establishing the source of public revenues, the magnitude of entitlements, the pattern of entitlements by social class and other attributes of recipients, the composition of entitlements between grants and loans and the total public support requirements for PSE's. It is obvious that these issues are interdependent in the sense that a solution to any one of them has implications for the others.

Regulation

The regulatory component of the PSE approach embraces the rules and regulations and the set of conditions under which the system will operate. More specifically, the regulations must be designed to answer such questions as: (1) Who is eligible to receive a PSE, and under what conditions can it be used? (2) What would be the amount of the PSE? (3) What types of investments could PSE's be used for? (4) What requirements would be imposed on educational institutions and firms and other providers of postsecondary education and training or of other eligible investments in order to be eligible to redeem PSE's? and (5) What would be the nature and responsibilities of the regulatory agency that would monitor the PSE approach? The answers to these questions mold the actual functioning and operation of the PSE plan. Since we have already reviewed the amount of the PSE in the finance section, we will concentrate on the other four questions in this discussion.

Eligibility to Receive a Postsecondary Entitlement

As we stated in the introductory section, any individual reaching the postsecondary age category should be eligible to receive a postsecondary entitlement. The particular age that seems most appropriate is 18, since this is the age at which most youngsters graduate from secondary school. However, to the degree that some persons are not yet 18 when they complete high school, the age requirement should probably be set at 18 or at high school completion. We have also suggested that the entitlement can be used at any time over the life of the individual. This flexibility would permit the recipient to choose the time pattern and nature of training without being required to take the education or training at one time or under the aegis of any single program.

Eligibility of the individual would not be affected if the person failed to use the postsecondary entitlement at age 18. There would be no penalty for deferring its use, except that we will suggest below some possible measures for ensuring that it not be used for frivolous "changes" in careers near retirement age. In fact, a good case might be made for permitting individuals to receive in cash the unredeemed portion of the entitlement at retirement or to give it to their survivors if they die before they fully exhaust their PSE. The specific size of the entitlement that they would be eligible for was discussed in the preceding section.

Type of Investments for Postsecondary Entitlements

The types of investments that postsecondary entitlements could be used for were reviewed briefly in the three models. At the very least, they could be applied to existing, accredited postsecondary educational and training institutions for services. In Model II, it was also suggested that they might be used to obtain on-the-job training and apprenticeship training in the work setting. In both cases, it was considered that a certain portion of the entitlement--for example, up to $500--might be used for placement services. Finally, Model III was designed to include not only the services of accredited postsecondary education and training institutions and on-the-job training and apprenticeship options but also the possibilities of investing in certain tools, equipment and facilities that were relevant to the career of choice.

Model I encompasses all the alternatives that are normally covered by the GI Bill, and Model II adds to these the training programs that are now provided by work organizations and unions. Model III recognizes that many occupations and trades require at least a minimal capital investment for tools and equipment or for collateral for obtaining capital loans for larger investment needs. Accordingly, the possibility of investing a part--perhaps half--of a PSE in approved, related physical capital should be considered under the third approach. In each case, the regulations would have to be designed to define in reasonably precise terms how the PSE's could be used. Model I represents the easiest approach to define because all of the options can be viewed under the current types of formal postsecondary educational institutions. Accordingly, such institutions that meet particular requirements that will be discussed below will be considered to be eligible for postsecondary entitlements.

Model II will require a much more challenging task to define options. For example, on-the-job training and apprenticeships may be viewed only as those that have existed traditionally where the entitlement would be used to reimburse firms and unions for training. But, when a firm or union operates such programs only for the purpose of preparing trainees for jobs that are related to the training, there is a large incentive to ensure the development of worker competencies by the training agencies. But, when participants are trained without reference to employment, how do we ensure that the participants are prepared for work at the end of their training programs? A second problem is that firms may simply transfer the costs of their normal training programs to the PSE system by requiring all trainees to finance their own training without job guarantees. A third possibility is that all kinds of new "training programs" may be invented by firms including programs for which no training was needed before in order to obtain PSE's from new employees. In all three of these cases, the amount of additional useful training that were to take place might be nominal, while the cost in terms of public subsidies would rise substantially.

Perhaps the only way to approach this problem is to require that employers and unions carefully specify the skills that they will provide and the method of evaluation for assuring those skills as well as certificates of proficiency. Costs of such programs and their ingredients should also be provided for the regulatory agency. On the basis of this information, the regulatory agency would sign a contract with each of these entities only for the training programs that are certified for PSE's. It may be possible to gain some insight into this type of problem and its solution by scrutinizing the experience under the Manpower Development Training Act of 1962. A substantial number of the trainees under that program were enrolled in on-the-job training programs where the firms were paid for their training costs.

A final problem associated with on-the-job training programs and apprenticeships is the possibility that huge surpluses of persons will be trained for a scarcity of positions. Of course, the same possibility exists and is realized in the present overproduction of persons for careers reflected in the community colleges and in other postsecondary educational institutions (Wilms, 1974; Berg, 1970). Yet, it can be argued that some general skills might be inculcated in the educational programs that can be transferred to other careers, while this is less likely to be true of specific on-the-job training programs. Perhaps, evidence of surplus trained workers should result in a withdrawal of PSE support for programs whether such programs are sponsored by educational institutions or work organizations. At the very least, relevant data on the job market will be provided to all PSE participants as part of the information system that will be described below, but direct intervention in withdrawing eligibility of the option may also be necessary as a response to substantial surpluses of trained personnel.

Model III carries not only these complexities, but also the one of defining eligible investments in tools, equipment and other physical capital. The main criterion that would be used here is that such investments would have to be strictly complementary to the field of postsecondary education or training. A second regulation would be that such capital is not transferable to someone other than the original purchaser without the government being reimbursed. This provision would avoid the apparent risk that some individuals might obtain physical capital in order to sell it for cash. Certainly, this type of problem might be especially acute among youth with limited resources who would be prey to more sophisticated types who live off such exploitation. While it would not be difficult to agree on the tools that were needed for particular trades such as electronic repair, plumbing, mechanics, or carpentry, it would be much more arduous to determine the relevance of other types of investments.

A further issue is the proportion of the PSE under Model III that could be used to invest in physical capital. While this issue requires some exploration, an initial figure that seems reasonable would be that no more than half may be used for this purpose. This would require individuals to concentrate on the type of training that would be required for a career as well as the complementary physical capital. Without a training requirement, the naive might consider that the physical capital investment in itself will assure success. Related to this issue is the question of whether groups could pool their physical capital portions of their entitlements. This would be desirable for several reasons. First, it would open up a larger range of enterprises that trained individuals could work in relative to those that would be possible with a maximum of half of the $10,000 entitlement. Second, it would lead to relatively greater job creation at a time when a shortage of jobs seems to be far more serious than a shortage of educated and skilled labor.

Yet, the pooling of entitlements would have to be monitored carefully. If an individual who invested an entitlement in a project wished to withdraw it, some provision would have to be made to liquidate that portion of the capital assets. Second, such a device could be used to obtain capital from youth who were ostensibly involved in an enterprise while control of the capital was vested in others. Perhaps the only solution to these types of problems is to permit pooling of the physical capital portion of entitlements, in principle, while requiring a formal agreement among the parties that meets particular conditions of participation, control and provisions for withdrawal.

Finally, there may be certain specialized needs under all of the models that should be accommodated to improve their productivity or to increase equity. In the former category, we included placement services up to a specified portion of the entitlement. In the latter category are included such expenditures as child-care services which may be required by women (or men) to take advantage of postsecondary education and training opportunities.

Eligibility Requirements for Educational Institutions and Firms

Not only must a postsecondary entitlement plan set eligibility requirements for students and trainees, but it is also necessary to determine eligibility standards for educational institutions and firms that will participate in the PSE plan. In particular, it is important that the providers of education and training services be reliable and meet performance and information guidelines that will assure reasonable effectiveness of the PSE alternatives. Only by meeting these standards will any particular educational or training institution be eligible to redeem the PSE's.

The following types of guidelines would seem to be illustrative of ones which would help guarantee the reliability and quality of training and educational alternatives. First, all participating programs should meet minimal requirements with respect to financial accountability, educational and training content, procedures for handling complaints and the provision of information on their operations. Second, specific training and apprenticeship programs should be covered by a standard contract between the PSE authorities and the participating institution which describes the nature of the training program, the amount of each type of instruction, major equipment to be utilized, methods of evaluation of results and proficiency goals of the program. Finally, any institution or program that is eligible for PSE's must agree to periodic auditing on either a random basis or on the basis of complaints by participants.

Minimal requirements with respect to financial accountability could be met by the provision of performance bonds that would guarantee to all participants the return of their entitlements and other damages such as foregone earnings if the programs or institutions should close prior to program completion or fail to fulfill the terms of the agreement or contract. Educational and training content standards could be met in a number of ways. With respect to training programs, the terms would be stipulated in the negotiated contract that would be approved by the PSE authority. Programs at post-secondary educational institutions could be required to meet minimal requirements with respect to staffing and curriculum, or the standard accreditation criteria for each type of institution could be used. That is, if the institution were fully accredited by either the state or a recognized accreditation authority, the PSE agency might accept it for participation.

A major area of regulation would be the process by which students or trainees could withdraw from a particular educational or training alternative. The conditions under which such withdrawal would be accompanied by a partial or complete refund would be stipulated. For example, during the first two weeks or so of a program the agreement might provide that an individual could leave a particular program with impunity. This provision would enable persons to undertake other alternatives if they found that an offering was not as suitable as they thought it would be. Also, the agreement might call for partial refunds of entitlements even after the two-week period and up until half of the program were completed. At that point, a person could withdraw from a course of training or study, but the institution would not be obligated to return any portion of the entitlement. This is one possible form of addressing the withdrawal contingency.

A provision would also have to be made for handling complaints. If complaints from participants about a particular institution or training program arose and they could not be adjusted among the antagonists, a mechanism would have to be provided for effecting a solution. One possibility is for the PSE agency to set out a board of arbitration composed of representatives of the education and training industry and of students and trainees that would review the evidence and provide a ruling in the area of disagreement. Another possibility would be for the PSE agency itself to provide an ombudsman whose decision would be binding--although it certainly might be appealed through litigation if the contestants were dissatisfied. Of course, if the complaints were consistently justified against particular programs, eligibility of those programs for PSE's might be invalidated by the PSE agency.

As we mentioned previously, training and apprenticeship programs that wished to qualify for PSE's would have to sign a standard contractual agreement with the PSE authority that described clearly the nature of the training program. Training goals and methods would be specified, and the amount and types of instruction would be listed. Personnel who were assigned to the training function and major equipment used in the training program would also be stipulated. Finally, the method of evaluation of results would be described as well as the minimal proficiencies that could be expected by a trainee. This detail is necessary because of the somewhat ambiguous nature of training programs in forms that will not guarantee jobs for the trainees.

As a condition of eligibility to redeem PSE's, each institution or program would also be required to provide various types of information on operations to the information system. While we will review this requirement in somewhat greater detail in the next section, we would expect that potential students and trainees would be provided with program descriptions, costs, enrollments, placement experience, personnel and other types of information that would assist them in making choices. In order to assure that the information was systematic and accurate, the institutions would be obligated to provide such data on a periodic basis.

One question that may arise is the distinction between what were formerly independent versus public postsecondary educational and training institutions. Since a PSE could be used interchangeably at either type of institution, questions must be raised about the role and viability of the public ones which had formerly received most of their support directly from public budgets. Of course those public institutions that compete favorably in the PSE market--and it is assumed that most of them will be able to do so--would continue to function under public management. That is, the main distinction would be in the management rather than the financing. Yet, there are other roles for public postsecondary educational institutions that will continue to be necessary even under a PSE financing system. For example, the states have often relied upon the public colleges and universities to provide agricultural extension services, conferences, extension courses and other endeavors considered in the public interest. The states would probably wish to continue to direct support to the "public" institutions to underwrite these activities. Only the subsidies for postsecondary education and training would be cut in favor of substituting for them the PSE approach.

Nature and Responsibilities of the Regulatory Agency

A final major question relates to the design and responsibilities of the regulatory agency. One possibility would be to set out the responsibilities of such an agency and to allow states to set up their own administrative structures for carrying out these charges. There would still be a Federal agency to coordinate the regulatory function while disseminating and clarifying the guidelines used for operating the PSE program.

Whatever the form of the regulatory agency, it would have at least eight major functions:

1. The agency would process applications for entitlements, establishing the eligibility of the individual.

2. The level and composition of each PSE would have to be determined for each applicant on the basic of the background and other data required in the application.

3. The regulatory authority would be required to maintain continuous and accurate records on the dispositions of the PSE and how much was still unallocated.

4. The agency would be responsible for the design, operation, dissemination and accuracy of the information provided to both individuals and institutions on PSE alternatives.

In addition to these basic operating functions, the PSE agency would be charged with various kinds of monitoring and enforcement functions:

5. The eligibility standards for participating institutions and programs would be applied and

enforced through periodic audits and reviews of complaints or violations.

6. An adjudicatory mechanism would be maintained by the regulatory agency for settling disputes that might arise between program sponsors and enrolees.

7. An additional function of the regulatory authority would be to negotiate and draw up training contracts with business enterprises, unions and perhaps government agencies that wish to provide training.

8. Finally, the regulatory agency should provide continuing evaluations of the institutions' programs, information system, finance criteria and other aspects of the PSE plan. These should be designed with the possibility of using them to recommend changes in some of the procedures or provisions.

Summary

Many aspects of a postsecondary entitlement plan can only be realized by a carefully designed regulatory system with an appropriate regulatory agency. The types of regulations which must be considered include those that determine the eligibility of PSE recipients and of institutions and programs that will be able to enroll trainees and students and redeem entitlements. The regulatory system would also embrace the financial provisions described in the preceding section as well as the operation of the information system discussed in the next section.

Information

A postsecondary entitlement approach puts a heavy emphasis on alternatives and choices. In order for such a system to work effectively, there must exist useful and accessible information on these choices for both the individual participants and for the institutions and enterprises that wish to offer postsecondary education and training programs (Klees, 1974). Accordingly, it is necessary to construct an information system that provides appropriate data for decision making for the three constituencies: (1) recipients of postsecondary entitlements, (2) providers and potential providers of educational and training services for PSE recipients, and (3) the PSE agency. As noted below, to a large degree the information needs of the three constituencies may overlap, but we shall consider the requirements of each separately before discussing a mechanism for combining and disseminating the resulting information.

Information Needs of Recipients of Postsecondary Entitlements

The provision of useful information to PSE recipients has both efficiency and equity implications. The efficiency aspects are reflected in the fact that the more knowledgeable participants are about the number and attributes of alternatives, the more likely it is that they will make appropriate choices of postsecondary educational and training experiences. Moreover, accurate data for purposes of participant comparison also tend to increase competition among the providers of educational and training services; and such competition can increase the quest for greater internal efficiency and for technological advance among training and educational institutions.

An intensive and useful information system on educational and training alternatives also tends to provide greater benefits for the disadvantaged participant than for the advantaged. The reason for this is that in the absence of such data, participants would have to use resources to search out information needed to choose the best uses for their PSE's. But, the cost of information in terms of time and transportation and communications expenses is more easily afforded by the rich than by the poor. In fact, one reason that has been suggested for the phenomenon that the poor pay higher prices for some consumer goods and credit is that they lack adequate information on alternatives (Caplovitz, 1963; Klees, 1974). Thus, the achievement of a comprehensive information system on alternatives is likely to provide relatively greater gains for lower-income families than for upper-income ones even though it will provide valuable inputs for decision making for all PSE recipients.

The type of data useful to PSE recipients would be those kinds of information that assist in making choices among a vast and competing array of opportunities. These factors include program descriptions, personnel, curriculum, costs, enrollments, facilities, placement services and placement experiences of graduates and the proportions of students completing training. Perhaps the names and addresses of participants who have undertaken or are at present enrolled in particular programs might be provided--with the permission of such persons--in order to obtain information on the actual experiences of recent students and trainees.

Providers and Potential Providers of Educational and Training Services

To enhance the efficiency of the PSE mechanism, it is not only necessary to provide comprehensive and useful information to the PSE recipients but also to the providers of educational and training services. Such information would give an indication of the nature and content of the more successful educational and training programs in order to increase the probability of competition in areas of high demand. That is, with knowledge of the alternatives that seem most popular, there will tend to be an attempt to emulate such programs and to avoid those for which demand seems low. An information system can provide this type of data. Further, information on the requirements for meeting eligibility requirements for redeeming PSE's as well as hypothetical start-up costs for training programs and other relevant knowledge would assist in encouraging new firms or educational institutions to enter the postsecondary entitlement competition.

Such data on student demand for particular types of programs and on eligibility requirements and costs and procedures for providing PSE services would be extremely important in stimulating a large number of alternatives for PSE participants. More specifically, the information should include the distribution and types of education and training by enrollment levels, costs, geographical distribution and changes in the patterns of these indicators over time in order to discern dynamic elements in the market. A clear statement of eligibility requirements for redeeming PSE's and procedures for meeting those standards should also be stated.

Postsecondary Entitlement Agency

In addition to the information needs of PSE participants and providers of services, the PSE Agency also has specific data needs. These needs can be divided into three types: (1) those for improving the efficiency of the PSE system, (2) those for monitoring the operations of the PSE system, and (3) those required for evaluating the results of the PSE approach. The first of these requirements refers to the collection of data on the areas of manpower needs that will be useful to both the participants, the providers and to other social decision makers. That is, such macro-data on trends in job creation and expansion as well as contraction will assist all of the constituencies in making decisions with respect to their own choices as well as viewing the PSE system in the context of the larger social system.

A second category of information is necessary to monitor the operations of the PSE system. Such data may include the accuracy of stated claims of providers with respect to actual experiences of trainees and students. This information might be obtained by auditing firms and other institutions in the case of complaints or on a random basis. To the degree that there are limits on the amount of advertising and promotion that will be covered by postsecondary entitlements, accounting reviews might also be made.

Finally, the PSE agency should be charged with evaluation, and this will require the collection of specific data tailored to evaluation needs. For example, studies could be made on the relationship between types of training and student employment success. This type of endeavor might require a special survey of students and institutions which provides statistical information that fit into a particular research or evaluation design. The results of such a study could be reported to students and providers of postsecondary services in order to assist both in their respective decision-making processes. Obviously, if one type of program showed far superior results than another type, it would be expected that the publication of the findings would have some effect on both sets of choices.

Dissemination of Information

As noted above, many of these types of information overlap. For example, data on changing composition of employment have implications for all three constituencies. Accordingly, the collection of data would not require three separate efforts; but, to a large degree, one type of collection would satisfy many of the needs of all three groups. Accordingly, data could be obtained on a routine basis through required periodic reports of providers of PSE services as well as other types of surveys. Data collection for evaluation would be designed on a basis that was tailored more towards particular evaluation needs.

Such information could be given to PSE participants and providers in several forms. Capsule reports of alternatives and their descriptions could be made available to all PSE recipients and providers at the time they enter the PSE system. Periodic updates of this information would be sent out on a regular basis. Finally, it would seem important to provide a more extensive dissemination service composed of counseling, written materials and audio-visual materials to inform participants of the existing alternatives and their desirability (Klees, 1974).

3. SPECIAL ISSUES AND POSTSECONDARY ENTITLEMENTS

In the preceding sections, we discussed the overall rationale for PSE's, three specific models or variants of the concept and the finance, information and regulation systems for construction of a PSE plan. In this section, the various social issues that must be considered in choosing between PSE approaches and the more conventional means of financing postsecondary education, as well as selecting among different PSE formulations, will be reviewed. These issues include: social class, sex, race, age and urban-rural or geographical implications.

In each case, we will address four questions: (1) What is the particular issue? (2) Why is the issue relevant to postsecondary education and training? (3) What aspects of PSE's lend themselves to a better resolution of the issue than the existing system, and which lend themselves to a worse resolution? That is, is there anything inherent in the PSE mechanism itself that would favor a better result than the traditional alternative?, and (4) Finally, what types of arrangements might be made with respect to the design of a PSE plan that would either lessen the problem or act to make an improvement?

Social Class

Traditionally, education has been represented as a device for equalizing opportunities among persons born into different social classes, where the social class refers to differences in family income, wealth, occupational status and other aspects of the social stratification system. In recent years, questions have been raised about whether education alters the class order or reinforces it (Jencks, 1972; Bowles, 1972c and 1973; Karabel, 1972; Carnoy, 1972; Blau and Duncan, 1967; Duncan, Featherman, and Duncan, 1972). In general, those who argue that the present system of higher education discriminates against persons from lower-class origins base their arguments on three aspects of that system: finance, requirements for participation and class-socialization effects.

The finance argument has several parts. First, the poor are less able to afford the foregone earnings of participating in postsecondary education in comparison to their wealthier counterparts. Second, they are less able to afford the transportation costs, living expenses and other expenses such as books and clothes associated with postsecondary education and training. Finally, they are less able to participate in independent postsecondary educational endeavors because of the high tuition and other costs.

An associated problem is that the entrance requirements for the more highly subsidized public institutions such as the state universities as opposed to community colleges tend to discriminate against students from lower-class backgrounds. Such students are more likely to have had inadequate housing, health care, nutrition and less educational assistance in their homes than students from more advantaged circumstances. In addition, such students are more likely to go to schools that are inferior and to be relegated to non-academic curricula and tracks. All of these factors tend to inhibit the academic performance of such pupils. Thus, they are less likely to complete secondary school than their more advantaged counterparts, and they are less well qualified to participate in the more prestigious and better-endowed segments of postsecondary education.

Finally, the fact that the entrance requirements and financial requirements tend to stratify students by social class among the different segments of higher education means that representatives of different classes are likely to receive very different types of postsecondary experiences. For example, students from working-class backgrounds are most likely to participate in the community colleges or training institutes which have very applied curricula with a heavy vocational emphasis, while students from upper-class families are likely to go to the most elite public or independent institutions which emphasize a great deal of independence and preparation for high-level careers or professional study. It has been argued that the community colleges in particular represent a place where the lower-class student is led to believe that he is being given a chance at a college education while the applied curricula and programmed dropout devices--such as grading on a curve to guarantee a certain proportion of failures--operate to "cool out" such students from the postsecondary educational system (Bowles, 1972a; Karabel, 1972).

The present system, then, contributes to a lower participation rate in postsecondary education for persons from lower social-class origins than those from more advantaged backgrounds. Those lower-class students who do participate are more likely to enroll in very applied curricula in preparation for low-level careers rather than in those institutions which will prepare them for more prestigious positions (Wilms, 1974). To what degree would this situation be altered by a PSE approach?

In order for the social class nature of postsecondary educational participation to change in the direction of improving the status of lower-class students, any of several possible alterations would have to take place. First, there would have to be a relative and absolute increase in the financial resources available to students from low-income families, adequate enough to compensate them for living expenses and tuition costs. Second, there would have to be an improvement in the resources and other conditions affecting the education of lower-class youth prior to the postsecondary period in order to improve their academic performance, expand the proportion graduating from secondary school and enable them to take advantage of a larger range of choices than were previously available. A third possibility would be the relative improvement of postsecondary institutions that serve such youth as well as an increase in the number of institutions to serve them in competing for their entitlements.

The improvement in the financial ability of low-income youth to participate in postsecondary education would obviously be determined by the specific finance system adopted. The greater the amount of the entitlement and, particularly, the grant component allocated to lower-income youth vis-a-vis persons from families of higher social-class origins, the greater would be the improvement in the amount and quality of participation by the disadvantaged relative to the advantaged. Of course, higher-income families could add resources to the PSE's offered to their children, so virtual equality of participation among social class is not attainable through the PSE mechanism.

The possibility of improved academic performance by such youth prior to the postsecondary period is not likely to be affected directly by PSE's. It may be influenced indirectly by building in a motive for lower-class families to spur the performance of their offspring and for the individuals themselves to increase their motivations and aspirations as it was made clear that each student would receive an entitlement for further study when he or she reaches the age of 18. At the present, the relatively dismal possibilities for many youth from modest class origins must surely dampen their enthusiasm for school and for academic values as they see no real postsecondary future opening without greater financial resources.

With respect to the third point, that of increased competition and choice for lower-class students resulting in improved performance of the institutions and programs which they will select, it is difficult to ascertain how significant the possibilities are. In addition to more and perhaps better alternatives, persons from lower-class backgrounds need mobility and knowledge about such alternatives. Traditionally, the poor have often faced inferior choices and higher costs in the market for goods and services (Caplovitz, 1963; Levin, 1968) because they have lacked the information and mobility to take advantage of alternatives. Moreover, the lack of choices they face in their daily lives may predispose them less to taking advantage of competition among alternatives. Accordingly, a vigorous and accurate information system which requires each potential participant to interact with it in order to validate his or her PSE would help improve the knowledge of possible selection; and higher PSE's for the disadvantaged student could compensate for the lack of transportation where that was a factor.

One major difficulty in setting out a plan to improve postsecondary educational participation and training for lower-class youth by granting them larger entitlements than middle- or upper-class youth is the dependence on family social class as the criterion. That is, such an approach would require a declaration to be made of the financial and status position of the potential participant's family in order to determine the size of the PSE offered to the participant. But, it is not clear that such a procedure would be valid if youth are considered to attain legal majority or independence at age 18 as has been implied by the granting of the vote at that age. In fact, under the present Basic Educational Opportunity Grants Federal program, it is possible for students to establish "independent status" to be considered for grants, which effectively separates from consideration the resources of their families (Hansen and Lampman, 1974). Thus, the ability to reduce entitlements or at least the grant portion of entitlements according to the social-class characteristics and resources of a student's family will rest crucially on both the legal issue and the administrative and political questions affecting such a plan.

A final question about the effect of postsecondary entitlements on the distribution of postsecondary participation must also be raised. If we assume that some politically feasible versions of a PSE approach will improve the relative participation of persons drawn from lower-class backgrounds, to what degree can it be assumed that there will be an improvement in their earnings, employment, and occupational status? Again, we must emphasize that much of the increase in training and education for such persons may not be reflected in comparable gains in economic and social attainments as long as there is an inadequate number of jobs and particularly high-status jobs relative to the numbers of persons who carry the ostensible qualifications for such jobs. That is, the expansion of job skills and capabilities among the students from lower social-class backgrounds is not likely to be matched by comparable increases in the number of jobs that will absorb such an expansion unless there are public policies to expand the number of jobs available. But, it must be emphasized that there is nothing inherent in postsecondary entitlements for either education or training that would increase the number of such jobs. Accordingly, the persons with higher skills from PSE's may simply wind up displacing other workers who would have been able to hold such jobs but were "bumped" in the job competition by the more highly trained and educated workers.

There is a great deal of evidence of this phenomenon at present where educational and training requirements for jobs increase as the general level of education and training of the population increases (Berg, 1970; Thurow, 1972). Moreover, some studies have found a very weak relation between increased educational attainments of certain subpopulations, such as blacks, and earnings (Weiss, 1970; Harrison, 1972). It is very important that we separate out the effects of PSE approaches on increasing equity in postsecondary educational and training participation and of increased participation on earnings and occupational status. Only Model III, the approach that would permit some investment in physical capital, would have the effect of expanding jobs to the degree that persons could either pool their physical capital to invest in multi-employee firms or invest in the capital necessary for a sole proprietorship or partnership. Since we have reviewed this phenomenon in the first section of the report, we will only remind the reader of its importance in considering the effect of PSE's on changing the ultimate attainment of persons from lower-income families.

Sex

Traditionally, women have been discriminated against in the marketplace, receiving only a fraction of the income of men and being relegated to lower-status occupations with lower chances of advancement (Bluestone, Murphy and Stevenson, 1973). Although a PSE approach might increase the number of educational alternatives available to women and improve their postsecondary participation in education and training programs, women have special needs that differ from those of men. While men will likely receive most of their postsecondary education and training prior to the beginning of their careers and then take only occasional training outside of the workplace, women may require much more flexibility in a number of respects.

In particular, women often face a period during their lives in which they will typically have the major family responsibility for child rearing. Accordingly, many women work when they are young and then leave the labor force at marriage or the birth of their first child. Later they frequently return to the labor market, whether from choice or economic necessity. For example, in 1968 the labor force participation rates were highest for women aged 20 to 24 with over 53 percent of them participating; but, for the age group 25 to 34, the participation rate had dropped to less than 43 percent. For women between 35 and 44 years of age, the labor force participation rate rose to almost 49 percent and reached almost 53 percent for women 45 to 55 (U.S. Department of Labor, Women's Bureau, 1969). Accordingly, flexibility in education, training, job entry, retraining and reentry are particularly important for women. That is, if women begin their careers prior to their family responsibilities and subsequently leave their jobs during the childrearing period, there may be the problem of forgetting or obsolescence of skills by the time they are ready to return. Accordingly, it is important that PSE's be applicable not only to initial courses of training and education, but also "brush-up" training and perhaps even job placement.

A second and related provision necessary for increasing the participation of women in a PSE plan is the availability of child care. In many cases, postsecondary education and training on the one hand, and the establishment of a family on the other, can take place simultaneously if families are able to obtain child care for their offspring. One possibility would be to permit a certain portion of each PSE to be used for complementary services such as child care and transportation. In this way women could choose their own mode of care, varying from babysitters to child-care centers. Since such a service is fairly expensive relative to the likely magnitude of an entitlement, the cost implications of such a provision would have to be weighed against other uses of the entitlement. For example, recent analyses have suggested that even prior to the recent inflation, the cost of full-time child care in a center was about $2,500 per year (Office of Economic Opportunity, 1971).

Loan plans, too, have important implications for women. If part of the entitlement were in the form of a loan, it might be particularly difficult for women to meet the requirements of term loans which require a regular payback at some preset rate for a preset period. In the first place, discrimination in labor markets means that women are likely to receive lower incomes than men for any level of education. For example, in 1968 women who had completed four years of high school received a median income of $2,673, while men with that level of education received almost $7,000 (U.S. Department of Labor, Women's Bureau, 1969). Accordingly, loans with similar provisions between men and women will tend to be a greater burden on women because of their lower earnings. Second, the fact that women are more likely to interrupt their careers to raise families means that a term loan would put a constant pressure on the household during the payback period, even when the woman wasn't working. A more preferable approach would be to use income-contingent loans so that repayment was a function of the amount of income received during a given period. If income were low or nonexistent then the level of repayment would also be small or nonexistent.

In summary, the PSE provisions for women should be flexible enough to permit education and training that fit in with needs and life cycles of married women who wish to leave and later reenter the labor force or who wish to raise families concomitantly with their training. Eligibility for training, the mode of the entitlement and the permissible uses of the entitlement should reflect these needs. Of course, we should mention that PSE's will not likely have any direct effect on discrimination in labor markets against women since that is determined more by employment practices rather than education and training.

Race

In some respects, the problems of race with respect to postsecondary education and training are similar to those of social class. In the first place, persons drawn from minority racial backgrounds such as blacks, Chicanos, Puerto Ricans and native Americans tend to participate less in postsecondary education and training than does the white majority. Moreover, when they do participate, they are likely to do so for shorter periods of time and in postsecondary components that prepare persons for relatively low-level careers. Finally, even for any given level of training or education, discrimination in the labor market provides lower financial returns and occupational status for non-whites than for whites.

A system of PSE's could have a salient effect on the participation of non-whites if it provided a greater range of postsecondary choices and increased resources for exercising those choices. The first of these could be satisfied by expanding the number of alternatives in which non-whites could participate, and that goal should be satisfied by permitting the PSE's to be used for any educational or training option that meets the eligibility requirements for participation in the PSE system. As long as the eligibility requirements include most of the existing independent and public colleges, universities, institutes and training programs, non-whites will have greater access to such choices than under the existing system where their relatively lower incomes necessitate they be accepted by one of the highly-subsidized public institutions. Indeed, a PSE approach with higher grants for the low-income populations would likely provide the effect of increasing substantially the accessibility of more and a richer range of choices for non-whites even without any specific provision that deals with race.

But, a second component of race is one that will not be accommodated adequately by a more equitable provision of finances and alternatives for the lower social classes. Beyond the disabilities in acquiring postsecondary education and training caused by relatively low incomes, racial and cultural discrimination are important considerations to be accounted for in a PSE plan. Persons from non-white backgrounds do more poorly in their basic elementary and secondary schooling in part because of the fewer advantages in the home due to their relatively low incomes and in part because the standards of the schools are so culturally-specific in favor of the white middle-class child (Leacock, 1969; Carnoy, 1974b). The standard pattern of language and social interaction is based upon the values and experiences of the dominant group in the schools and those of the middle-class professionals. For example, children who speak non-standard dialects of English or who come from homes in which English is not the principal language are particularly handicapped by the fact that they will have more difficulty developing language skills helping them to do as well as those students who come from majority backgrounds. It is clear that a PSE system will have no direct effect on this type of cultural discrimination, although it may make opportunities available to parents to improve their knowledge and use of English, which could have some impact on the capabilities of their children.

A second type of discrimination that non-whites face is discrimination in admissions to, and programs within, postsecondary institutions. Since one of the conditions of eligibility of programs to be able to redeem PSE's could be a rather strict code of non-discriminatory behavior, this type of discrimination could be reduced by a PSE approach. But a third type of discrimination, labor market discrimination, would have implications that are more complex. In the first place, discrimination in job markets would tend to reduce the incentives to obtain further education and training relative to whites, particularly if the earnings and occupational discrimination were an increasing function of income. This factor would tend to limit the increases in postsecondary participation by non-whites relative to whites.

Labor market discrimination also means that the returns to any postsecondary investment are likely to be lower for non-whites. Thus, the ability to repay loans may be lower for non-whites than for whites--on the average--at each level of training and education. To the degree that loans are used as part of the entitlement package, it is important that repayment be based on income levels rather than fixed obligations. The fixed-term and fixed-obligation loan would place a relatively heavier burden on the non-white recipient if his or her earnings returns are lower for each level of postsecondary educational and training investment. But, discrimination in the job market can be compensated for--at least in providing a fairer system of loans--by using income-contingent loans where the loan payback is based upon a proportion of income rather than a fixed obligation. In this way, if non-whites receive lower earnings for any level of postsecondary investment financed by a PSE loan, they will also pay back a smaller amount than the persons who do not suffer discrimination. To the degree that non-whites also tend to come from lower social-class backgrounds, a higher portion of their PSE's will be in the form of grants that may lessen this problem.

Age

Traditionally, education and training have been provided early in the life-cycle, and the work career has followed until retirement or death. Only rarely did people interrupt their careers to undertake retraining and more or different educational preparation. But in recent years, there has been much more of a tendency to look at education and training as lifelong activities to be undertaken as one sees fit rather than the more rigid previous pattern. In part, these changes have come about with the relatively rapid changes in technologies, career definitions, expectations of greater social and economic mobility and changing views about the educability and trainability of persons who are beyond the normal postsecondary age group.

In this respect, PSE's have a distinct advantage over traditional mechanisms of public support for postsecondary training and education by placing the timing of such activities at the discretion of the participants. That is, a PSE can be used--in principle--at any time over a person's life cycle for the training and education or retraining that the individual sees fit up to the limit of the entitlement. There is no reason why an individual must exhaust his or her entitlement during the immediate postsecondary period just prior to entering a career. While the individual can use it all at that time, he or she also would have the option of withholding a portion of it for use later in life. Yet, the overall simplicity and flexibility in the PSE approach with respect to the ability to use the PSE at any age is also a source of problems.

If the PSE is the only source of public support for postsecondary education and training, what happens to the person who spends his PSE early in career only to find later that his or her job has been terminated and his or her skills obsolescent? It would seem absurd to hold every individual responsible for future events beyond one's control. That is, through no improvidence on the part of the individual, the PSE may be used up only to find that later a major retraining effort will be necessary to gain employment. We must bear in mind that many jobs are lost due to unforeseen events, such as the energy crisis, economic circumstances affecting a firm or industry and other factors far beyond the control of an individual worker. It would seem that the only way to handle this contingency is to provide a fund for special PSE's for workers who lose their jobs because of circumstances beyond their control. Under this plan, it would be possible to provide assistance for retraining such workers independently of the regular PSE that each individual had received at an earlier age.

A second problem associated with age is that the older a person is, the shorter will be the time period over which a PSE investment in education and training will provide economic returns. This can best be illustrated by taking an extreme case. Suppose that at the age 50 a man decides that he would like to become a lawyer. Beginning at that age he pursues a law degree with his entitlement, by his middle fifties he has obtained his degree and passed the state bar examination. Not only will he have difficulty establishing a law career at that age, but, for reasons of health and aging, his career would probably be limited to about 10 to 15 years. Moreover, much of what makes a productive professional career is likely to take place in the first few years of actual practice, so this hypothetical individual would be about 60 by the time he had reached a reasonable level of productivity in his new career. To further complicate the case, assume that his PSE were one which entitled him only to an income contingent or term loan. It is likely that in the former case the limited amount of time in his new career would mean that the loan would never be repaid. If the term loan required that he repay the PSE by the age 60, the burden would be so great that he would find the rate of repayment onerous.

Of course, the term loan may be the way to handle such a problem. That is, after a certain age such as 40, all PSE's might be available only in the form of term loans with a repayment period extending to 65. In such a case, the individual would weigh the repayment burden against the possible income benefits. For very large investments taken very late in the life cycle, the repayment burden would be prohibitive relative to the benefits, so such investments would not be likely to be undertaken. One other alternative is to reduce the size of the PSE after a certain age, or to effect a declining balance PSE where up to the age of 40 the PSE remains intact, but after that age it represents a declining balance which fully evaporates by age 60. The final possibility for handling this problem is to simply provide regulations which do not permit the PSE to be used for particular purposes after specified ages.

A related problem is that which is associated with the overall nature of a PSE plan. In all of the preceding, we have assumed that a PSE approach was one which was being undertaken primarily for improving efficiency and equity with respect to postsecondary education and training for jobs. Yet, much of the interest in "lifelong education" or adult education has had less to do with employment concerns than with the need of persons to receive intellectual stimulation, satisfy their curiosity about the world, to assist them in understanding public issues and fulfill artistic and social needs. While these are very important social goals, it is not clear that a PSE approach is compatible. For example, how would a PSE approach treat what may appear to be a frivolous desire for someone to undertake expensive training for a new professional career at age 50? While a person may be fulfilling many personal needs by studying for a new career at that age, such study may be unjustified with respect to realistic employment and earnings possibilities.

The great flexibility of a PSE approach is particularly useful in adapting postsecondary education and training to the perceived needs that are recognized by individuals over their life cycles. Yet, if the entitlements are designed primarily for occupational preparation, there will be a constant tension between the use of the PSE for such purposes and for enjoyable educational experiences that do not have occupational consequences. Moreover, even training for changes in employment will be less practical at later ages; and some provision may have to be built in to the PSE system to discourage expensive training or educational programs beyond particular ages. All of these details can only be worked out once the purpose of the PSE is clarified with respect to vocational versus non-vocational objectives.

Geographical and Urban-Rural Aspects

Postsecondary educational and training opportunities are not distributed equally across the nation. They tend to be greater in urban than in rural areas, and they tend to be more abundant in some regions than in others even within the urban-rural distinction. Typically, the reason for greater educational and training alternatives in the urban areas is the higher demand for such activities as well as the greater concentration of employment and therefore on-the-job and apprenticeship programs. In this respect, a PSE approach may improve somewhat the alternatives in areas where the training and postsecondary options are sparse. By permitting the PSE to be used for independent or proprietary programs, there may be a greater incentive for such institutions to offer training and education in areas previously characterized by a lack of such options. This is especially true where the programs can be operated at relatively low enrollments.

However, postsecondary training and educational activities that require relatively large enrollments to benefit from economies of scale may still be precluded from areas of low population density or less developed areas of the country. Moreover, to the degree that a lack of training programs in firms simply reflects the scarcity of jobs, even PSE's may not solve the problem. Indeed, the firms that locate in areas like Appalachia tend to be specific to the natural advantages of these areas, such as coal mines. The operations are not very sophisticated compared to other employment endeavors, and the skills from experience and training are probably not very transferable to other types of industries. Thus, because of the peculiar types of employment and the general lack of adequate job opportunities as well as low population densities that characterize rural and other less developed areas of the nation, it is not apparent that a PSE system in itself will have a salutary effect on development or on increasing postsecondary education and training opportunities in those places.

4. SUGGESTIONS FOR IMPLEMENTATION OF A PSE PLAN

In previous sections, we reviewed the rationale and nature of postsecondary entitlements; the finance, regulation and information systems that represent the components of a PSE plan and several special social issues particularly germane to postsecondary education and training. In this section we suggest the next steps in exploring the design and implementation of a postsecondary entitlement mechanism. We will proceed by discussing three activities that lead in this direction. First, we will suggest a review of projects and public programs that seem analogous to some aspects of PSE's. Second, we will set out the elements of a strategy for estimating the public costs and delineating parameters of a PSE plan. Finally, we will review the possibility of designing demonstration projects of the PSE approach which might contribute to our knowledge of how the PSE plan should best be constructed.

Review of Analogous Programs

Throughout this report, we have mentioned that certain aspects of the PSE endeavor have counterparts among public programs related to postsecondary education and training and career counseling. More specifically, the Veterans Administration has operated an entitlement plan for veterans for about three decades. The U.S. Labor Department sponsors manpower programs where employers are paid to train workers at public expense. There are a number of projects that are aimed at providing career counseling and information dissemination on job markets. All of these should be reviewed carefully in order to ascertain what we have learned that is relevant to the design and operation of a PSE plan.

GI Bill

Under the aegis of the Veterans Administration, several million former military personnel have taken advantage of the educational entitlements called in the vernacular, GI Bill benefits (see Sterling's paper in this volume). These include payments for both living expenses and tuition for a variety of alternative postsecondary educational and training programs. The eligible choices are exceedingly broad and include traditional colleges and universities, training institutes, correspondence schools and so on. What evidence exists on the workability of the approach suggests that on the whole it provided flexibility and a relatively good record of satisfying postsecondary educational needs of veterans in an efficient manner (Guy, 1972).

It would seem important to study the experience of the GI Bill participants more intensively. How did they make their choices? Were they satisfied with the arrangement? What evidence of fraud or misrepresentation characterized the program? What have been the costs of administering the program? How useful have been the regulations that govern the operations of the GI Bill? What has been the socio-economic distribution of veterans who use their benefits in comparison with those who do not? These questions and a variety of other issues should be reviewed in the context of an evaluation of the enormous amount of data collected by the Veterans Administration over the last 30 years.

Manpower Development Training Act

Under the Manpower Development and Training Act of 1962, the Federal Government provided both institutional and on-the-job training for persons who were considered to lack the skills for productive employment (Mangum, 1968). Over the first decade of the program, almost $5 billion dollars were expended. The component of the program that is particularly germane to a PSE plan is the on-the-job training aspect. The U.S. Department of Labor contracted with private firms to train workers. Only the "actual" costs of the training were subsidized.

It would seem that these on-the-job training programs funded by MDTA would be suitable for analysis of a number of questions that arise if training programs were eligible for entitlements. How are training costs calculated? Would a PSE mean that government would now subsidize training that would normally be paid for by the firm? To what degree could we expect that a widespread training program financed by PSE's could provide jobs for the trainees? Tentative answers to questions like these might be drawn from a thorough analysis of the MDTA on-the-job training programs.

Career Counseling and Information

There are a number of local, regional, and national programs for providing career information to individuals. Such centers provide information on job availability, training and educational requirements and other pertinent information for making career choices. A good example of such a project is the Rhode Island Career Counseling Service. This project has provided assistance to several thousand individuals, primarily by telephone. An evaluation of the operations and experiences of the project and similar ones might yield insights into the design of an information system for postsecondary entitlements.

Such an examination might answer several relevant questions. What types of persons are most likely to request information and assistance and under what conditions? What kinds of information do they request? In what form is the information given, and which dissemination techniques seem most effective? What types of useful information can be gathered on job availability for both the present and the future? To what degree can existing reports provided at the state and Federal levels from such departments as Labor and Commerce and the Department of Health, Education and Welfare be used to establish data on areas where training and education will be needed? Other interesting aspects of such a review may also contribute to our knowledge for designing an information system.

Pre-School Industry and Educational Vouchers

Although pre-school and elementary and secondary school programs are not directly germane to the subject of postsecondary entitlements, there are some analogies which suggest that we might obtain useful knowledge from an exploration of the pre-school industry and experience with educational vouchers. The pre-school sphere represents the only area of education that is dominated by a private market. Parents have the option of deciding where they will send their child, and there appear to be significant difference among pre-school programs and centers. Moreover, the state requirements for offering pre-school programs are relatively minimal; and providers can readily offer such services. Thus, we may be able to ascertain answers to various questions about educational choice, the use of information, knowledge of alternatives and the kinds of factors influencing the supply of pre-school programs. All of these areas might provide some insights into constructing a market-type arrangement at the postsecondary level.

The educational voucher approach also has parallel attributes. The National Institute of Education sponsored a demonstration of a voucher-like mechanism in Alum Rock School District, San Jose, California. Questions of choice and information also weigh heavily in that demonstration and its evaluation. Perhaps much of this information is useful for reflecting on the design of a postsecondary entitlement system. Certainly, the relationship between the educational voucher demonstration and a PSE system should be explored.

Delineating Parameters and Estimating Costs of PSE Plans

A second set of activities for pursuing the design and implementation of a PSE approach is to further delineate the parameters of the plan and to estimate the costs of such a system. There are several ways in which this might be done. First, each of the three models might be explored; and detail on regulation, finance and information might be developed. This type of specificity might come from considering the analogous experiences noted in the previous section, political variables, technical possibilities and cost implications. Model I which addresses the GI Bill types of alternatives might benefit from the analysis of the veterans' programs set out above. Model II needs much more information on the MDTA programs and similar offerings before detailing the nature of PSE coverage for training and apprenticeships. Model III requires the most exploration of all since there is no obvious analogous experience. The degree to which Model III can create jobs by permitting investment in physical capital and the particular industries and occupations affected can be determined to some extent by an examination of demand for services and capital requirements for producing such services. Certainly, an examination of possibilities under Model III will be very instructive in determining how it might be incorporated into a PSE plan.

Once some reasonable detail is provided on alternative PSE approaches, it should be possible to estimate the total costs and the public costs of the plan. This would be done by first ascertaining the numbers of eligible recipients and calculating the total amount of entitlements that they would receive in the various forms of loans and grants. Next, we would need to assess the behavior of different sub-groups with respect to whether they would take advantage of the entitlements, how much of the PSE they would use and over what time period would they draw upon the entitlements. This would yield an estimate of total annual entitlement costs for any particular cohort. In order to determine the additional public cost, we would have to adjust this amount for the degree of replacement of existing sources of funding postsecondary education and training. That is, we would wish to make different assumptions about the behavior of state and Federal governments in relinquishing some of their present postsecondary approaches in favor of a PSE plan. This set of procedures would provide estimates of the costs of a PSE plan under different assumptions with respect to the construction of the plan, behavior of recipients and cooperation of government agencies. It might also be possible to build a simulation model that would enable us to specify different values for the critical variables in order to assess the sensitivity of costs and participation to different assumptions.

Demonstration Projects

A final set of strategies for ascertaining the implications of a PSE approach is to construct demonstration projects and social experiments in this area in the spirit of the educational voucher demonstration and the negative tax experiment of the U.S. Office of Economic Opportunity. The purpose of the demonstrations or experiments would be to see how different groups respond to different options with respect to regulations, financing provisions and information approaches. Such demonstrations would be regionally specific and would be designed to obtain an adequate range of training and educational alternatives as well as participating populations with appropriate age, sex, race, class and perhaps urban or rural characteristics.

While certain types of information on the actual behavior of participants and providers of educational and training services under a PSE plan might not be ascertainable without a demonstration or experiment, one must be cognizant of the relatively high costs and limitations of this device for uncovering important knowledge. Recent experience with experiments on educational performance contracting, the negative income tax and the demonstration of educational vouchers suggest that price tags of millions of dollars are to be expected to obtain any reasonable sample, differences in treatments,longitudinal results and sound evaluations. Even with such expenditures and an attempt to incorporate good research or evaluation designs, the findings have still been questioned on the basis of their validity and relevance. Accordingly, the design and implementation of experiments or demonstrations should be approached with great circumspection.

Summary

The next stage in considering a PSE approach is to refine some of the design issues and to carry out further explorations on the implications of PSE's in their different forms. This can be done by reviewing analogous types of programs, by further exploring and explicating the models and estimating the costs and effects of different PSE versions and by initiating demonstrations and social experiments that might indicate the effects of PSE's on postsecondary educational and training participation and outcomes for the society and for different sub-populations.

II--LIFELONG LEARNING ENTITLEMENT

By

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In the preceding chapter, Levin examines three models of postsecondary entitlement (PSE) and notes that there is a fourth possible model that relates entitlements to the emerging concept of lifelong learning. The purpose of this chapter is to present the case for increased public subsidies of lifelong learning and, then, to describe and analyze a fourth model that would be consistent with that case.

1. The Case for Entitlement

The basic rationale for Model IV is the same as that presented elsewhere in this volume by Levin and Nolfi for their respective plans. However, there are some additional arguments that apply particularly to an entitlement that is to be made available to all persons on a lifelong basis. An effort will be made here to present as persuasive a case as possible, so that this radical alternative can be fairly considered in relation to more restricted alternatives.

An Age-Neutral Public Education Policy

In our society, there is a generalized attitude that childhood and youth are the times for learning. This attitude is reflected in most of our policies for the delivery of education, including most particularly the financing arrangements. The overwhelming proportion of public funds for education are devoted to the education of children and youth. Adults find very few resources to meet their needs. In all kinds of other ways, the system operates against the adult student. Teaching adults has almost a universally low order of priority in most school systems and colleges. From admissions procedures that may ask a 55-year-old grandmother information about her parents to physical arrangements designed for youth, educational institutions traditionally have only tolerated, not usually welcomed, the adult learner. Developments in our society now require that we examine the assumptions underlying our youth-oriented educational system and develop a policy which is "age neutral." The first of the traditional assumptions is that education is primarily an activity appropriate for the young. Therefore, it has been assumed that adults who engage in it do so to make up for some omission in their earlier education, to maintain or enhance the skills necessary to their employment, or for self-improvement. Only for the first purpose and, to a limited extent for the second, has the case generally been made for public subsidy.

Now, however, it is more widely recognized that it is virtually impossible for any individual to learn all that he or she will require for a lifetime during the years of early schooling. Moreover, with the growth in new knowledge and the rate of change in the world, one who does not continue to learn will soon be out of touch with one's world. Education is, therefore, a necessary and valid adult activity. It is not, as Robert Hutchins once said, a childhood disease, which having been had once, cannot be had again.

A second, traditional, assumption is that while there is a public responsibility to provide enough education to prepare individuals for roles as citizens and workers, such preparatory education can be completed sometime between the ages of 16 and 22.

Given the change in knowledge and in the world during a lifetime, and given also the fact, now being more widely recognized, that a person's growth and development do not stop at 18 or 22 but continue throughout life, no amount of "preparatory" education during youth will prepare a person for life. If there is a public responsibility for "preparatory" education, that responsibility must now be seen as lifelong. Just when an adult most needs his or her preparatory education is best left to the individual. There is a public interest in individuals having access to education when they need it, but since the timing of that need differs, there is no reason for supporting the need at one time rather than another.

Furthermore, much of what individuals need to know to play effective roles in society cannot be learned in youth, contrary to another traditional assumption. The maturity of age and direct involvement in life's decisions are preconditions for learning the key skills required by society. It may even be that efforts to "prepare" people while young for roles in society they will perform when older incapacitate many to perform those roles effectively, either because they learn things that must later be unlearned or because, thinking that they know all that is necessary to function as adults, they close their minds to further learning.

In this regard, Cyril Houle has written (Houle, 1974, p. 443):

> There is a right time in which to learn how to lay a foundation for a life in which learning will always be an essential part, to be a good husband and father, to supervise and administer the work of other men, to be an elder in a church, to examine past patterns of life and contemplate new ones, to hold office in a voluntary association, to care for a body which is declining rather than increasing in vigor, to grow old with grace and dignity, and to reestablish new interests and affiliations in old age. Any specific kind of learning is most effectively undertaken when the time for it has come, and the total pattern of a desirable education requires an understanding of the full span of human existence.

This part of the case for adult education is that only as people grow older can they learn much of what they need to know to function as adults. This makes adult education not just a "second chance," as it has often been perceived in the past, but as the first chance to learn what an adult in our society needs to know. It is, therefore, essential for the well-being of our society that all adults have access to learning opportunities, as it once was deemed essential that such opportunities be available to all children.

If the preceding argument is accepted, then there is a case for a public interest in equity in the education of adults as has traditionally been assumed for youth. Indeed, if continued access to education is essential for a full adult life, then failure to provide public support for such access will perpetuate and exaggerate the inequities in access for the young. The reason is that those adults who most participate now in education tend to be those who had more education when they were young, and those people tend also to be those with higher incomes and able to afford more education.

Is there any valid reason for penalizing individuals who, for whatever reason, failed to take advantage of the public subsidy available to them when they were young? If not, an "age-neutral" policy would satisfy the requirement for equity.

Another argument for concentrating public investment in the education of youth is that it results in more years of return on the investment than if the investment is made later in life. This assumption regarding the time required to return the public investment can be challenged on several grounds:

(1) Return on investment in education is difficult to measure. How much is an extra year of productive life at 70 worth? How much more or less is it worth than a skill learned at 20 and no longer needed at 25?

(2) The assumption presupposes that something learned while young will continue to be useful throughout life. This may or may not be so, but in a career world where many people will change jobs and careers many times in a lifetime, the longevity of much education is less than has been assumed. For this reason, too, there is now just as much chance that education received late in life will "pay off" as well as education received earlier.

(3) When individuals feel compelled to take their education early, or perhaps, forego the opportunity forever, they may undertake studies in which they have little interest. Such education is unlikely to have much "payoff" and is one reason many people have objected to the pressures placed on many people to go to college when they really did not care to do so. An age-neutral policy would reduce such pressures and would lead to people taking their education when it most met their needs and interests.

Even if most of the case for an age-neutral policy is accepted, some argue against any sizeable public subsidy on the ground that most adults have incomes and can and should pay for their own education.

While most adults do have incomes, they also have obligations that the young do not have. An adult with a family would require more resources to go to school than would an unencumbered youth. To be sure, large numbers of adults participate in education now, though many are subsidized fully or in part by their employers. But there are many adults--how many is uncertain--who have no such subsidy, are unable or unwilling to use their own resources, yet would participate in education if a subsidy were available. Moreover, even many of those who now participate, would do so in a different way if more money were available to them. Persons who now go to school part-time and stretch work toward a certificate or degree over many years, might shorten the time through full-time study. Others might select a more costly school or one more distant that more nearly offers the program they would prefer. Still others who must work while they go to school, might be able to work less, have more time for study, and as a result, get more out of their education.

Are there any valid reasons why these more favorable choices should be available only to the young?

If the assumptions on which our present youth-biased education financing policy rests are questionable, there is no longer a strong reason for the limitation of public subsidies to the young. Once individuals have completed secondary school or are beyond the age of compulsory school attendance, there is no public interest in when they get their further education. To the extent that there is a public interest in supporting any post-compulsory education, that support should be as age-neutral as possible.

2. Adult Education as a Public Good

The question that must next be examined, therefore, is what is the basis for any future support of post-compulsory education? This question must be examined not in general terms, but in comparison with other social concerns. In the abstract, there would probably be little disagreement on how nice it would be to increase educational opportunities for adults who want or need them and that the use of public funds for this purpose would not be improper. The real issue is one of priorities in relation to scarcity of public resources.

What claim to priority can adult education make, when related to the claims for employment, improved health care, housing, care for the elderly, pollution control, defense or food for those throughout the world who barely have enough to eat? Given the competing claims for limited public resources, what is the case for devoting any to adult education? Can it be shown that the multifarious problems besetting our society and for which public funding is demanded can be more effectively and, perhaps, more economically dealt with through education than through direct attack on the problems?

The problems that call so insistently for public attention and which now have vast public funds devoted to attempted solution can all be considered to stem from one of two basic sources: from the incapacity either (1) of some individuals to meet the conditions necessary for survival and happiness, or (2) of society as a whole to be able to provide the conditions necessary for survival and happiness. The incapacity of some individuals to earn a living when most people do, betokens some individual incapacity; however, when the numbers of individuals unable to earn a living is much larger in some societies than others, this suggests that some societal failing is also involved. Most social problems are a mix of such individual and collective failings, although some, such as the problem of war, may be far more societal than individual.

There probably would be little argument that, where individual incapacities, even among adults, can be remedied by education, there is justification for public funding. Indeed, this has been the basis for most of the public financing of adult education that has occurred.

But there is resistance when support for education is sought as a way to deal with broader societal incapacities. If more than one hundred years of free and compulsory education of youth have not produced better results, what basis is there for believing that still more education will help? As Henry Steele Commager (1975, p. 56) put the matter very forcefully:

> Rarely, if ever, in the history of education have so many been exposed to so much with results so meager. To judge by results--the results of the past 40 years or so--this whole enterprise of relying on schools to reform society by direct teaching has been an unmitigated failure. After 40 years of exposure to world cultures, world policies, world geography, we have turned out to be culturally more alienated, politically more isolated, economically more reckless and, on the world scene, more chauvinistic and militaristic than at any previous time in our history.

This is a harsh judgement. It comes, in part, from expecting the schools to do too much; in part, from expecting that early education is enough to prepare adults for a life of effective and intelligent action.

What we are suggesting is that more education for adults may not be the best answer, but it is as good as others that have been tried or proposed for reasons that are suggested below.

For centuries there have been those who thought that societal incapacities could be remedied by societal programs. Beginning in the thirties in this country, this position was given a large-scale test. Unemployment was to be remedied by government intervention in the economy, including the provision of public-service jobs and direct payments to the unemployed; poor housing was to be remedied by public-housing programs; and so on. Today we know that such direct attacks on problems are not adequate. What remains? Either still larger public expenditures for more jobs, more business, more welfare, more judges and jails, and more government employees to run all the programs, or something else. That something else may be more education, not primarily for youth, but for adults.

The first line of argument for this position derives from the capacities required to conduct any social effort. Public policies and programs are proposed by people, they are endorsed and supported or opposed by people and they are executed by people. In short, every effort to cope with society's problems depends on people and their capacities. Unless those capacities are adequate to the task, no social effort will succeed. Development of capacities is the purpose of education. Thus, unless education is attended to as the first priority, no other social policy or program has much long-term chance for success.

The second line of argument relates to the complexity of social problems. In order to manage public programs, the effort is generally made to "target" them on a specific problem or population. We have housing programs and veterans' programs, an Office for Child Development and an Office of the Aging. Yet, a frequently heard complaint is that all of these programs somehow leave out the needs of "people." So we have public housing that becomes more of a slum than the slum it replaced, and manpower training programs whose "graduates" are not employable.

What this experience suggests is that what we may need is fewer programs designed to solve problems for people, and more programs designed to help people individually and together to solve their own problems. This is just another way of saying "education."

To elaborate upon this point somewhat further, it has been noted by many critics of present programs that they tend to heighten rather than reduce dependency. The social worker's professed aim is to get the client off of welfare; his or her own personal and even job reward comes from maintaining the client in a dependent relationship. The welfare payment system provides lots of incentive to enter the system--it is often the only source of income when one is unemployed, ill or aged; and little incentive to get out--getting a job results in little additional income and may even result in less.

Even in learning, people have become so dependent on schooling that they often come to believe that they cannot learn anything unless they take a course, or that learning is not recognized or a degree is worthless.

To reverse these tendencies, there needs to be a massive effort to break the chains of dependency that bind individuals to the very institutions that are supposed to set them free--free from ignorance, free from poverty, free from dependency.

Another name for that massive effort is lifelong education. From what has been said here, it should be clear that the ways educational opportunities are made available to adults must help reduce, rather than increase, dependency. This leads directly to the final argument in the case for entitlements.

3. Adults as Decision Makers

Another part of the case for entitlements as a way to support lifelong education derives from the fact that adults can make decisions for themselves. Flowing funds to institutions minimizes the adult decision-making role; giving the funds to the individual maximizes that role. The basic assumption underlying Model IV is that the overall educational results will be better for individuals and for society if adults have a key decision-making role in determining what, when and under what conditions they will learn. The adult who feels he or she is in control because he controls the money for his education, is likely to get more out of any educational activity than the adult who is doing something that someone else decided would be desirable for him or her.

What a lifelong learning entitlement (LLE) does is give full recognition to the maturity of the adult learner and to the diversity of needs of adults.

This is not to say that the entitlement approach will do away with the need for all institutional grants. On the contrary, it allows for a highly desirable mix of decision-making roles. Governments will still have to decide whether there are social needs that will be left unmet if individuals make all the decisions. If it is decided that there are needs to be met, public agencies can fund the development of of the desired program but leave the operating costs to be drawn wholly or partially from the fees of participants paid by LLE. This will provide a check on whether the program is addressing itself to the needs of the learners as well as of society. No educational program, no matter how worthy its goals, will have any real success if it does not appeal to the interests and needs of individuals who are expected to learn in the program.

These points reinforce Levin's arguments regarding the impact of entitlements on institutional behavior because of the wide range of choices open to the student. With wider student choice, institutions are going to have to be more responsive. Just how they will respond can be surmised, in part, from past experience with the GI Bill. In part, it can only be known as we gain experience with a fuller entitlement program.

3. Special Issues

In making the case for PSE's, Levin deals with a number of "special issues" that must be considered in any plan. Some additional considerations apply when dealing with these issues in relation to a lifelong learning entitlement.

Social Class

Levin's discussion of the effects of class applies equally to all forms of entitlement. A central concern in lifelong education is to increase the possibility that individuals who have had less education when young may have access to education when they are older. In order to increase participation of such "disadvantaged" persons, Levin in the previous paper suggests higher PSE's for them. This is a plausible approach and might work.

Another approach is the use of incentive grants to institutions as a way to increase equity of access to educational opportunities. A measure of increased equity is greater similarity of participation rates in educational programs among differing groups. Funding policy increases participation if persons who otherwise would not have participated at all do so, or if individuals have a greater range of choice among programs as a result of increased funding. Since it is impossible to identify those individuals who would not have participated or have selected a particular program without additional aid, it is impossible to target aid just on them. So when it is desired to increase equity, funding is made available to all those in a particular category without regard to whether the aid is needed to induce participation or widen choice. The result is that a large amount of aid must be given in order to get a small gain in participation rates.

An alternative solution is to reward institutions for the increase in participation that they achieve for desired categories of students. For example, if it is decided that it would be desirable public policy to increase participation of disadvantaged in educational programs, institutions could be paid a certain amount for each disadvantaged student that they enroll beyond the number they had previously enrolled, perhaps with an adjustment for "natural" growth. As long as the incentive grant per student was equal to or greater than the amount required to enroll and instruct each such student, each institution would have a financial incentive to enroll more students. An institution might increase its enrollment by any of a variety of measures--more publicizing of its offerings to the disadvantaged, modified and new programs designed to meet their special needs or additional student aid to the disadvantaged. Whatever the method used, if the result is the enrollment of more disadvantaged students, then the objective will have been met.

What needs to be determined, perhaps by some trial efforts, are answers to the following:

(1) Will institutions respond to incentive grants with actions that will increase the number of participants?

(2) Will the total number of participants increase or will the result be merely to shift the enrollments from certain institutions to others? Such a result will increase choice but do nothing to increase participation.

(3) Will the costs to the government be significantly less than more direct aid to students?

(4) Will students' real educational needs be as adequately met as under other alternatives?

Whatever means are used to increase participation by persons with lower incomes or lower levels of educational attainment, equality of participation among all groups in society will not be attained, nor will equality of outcome. The best that can be anticipated is a significant narrowing of the gap between groups.

Nor, as Levin notes, will the increase in training and education "be reflected in comparable gains in economic and social attainments as long as there are an inadequate number of jobs, and particularly, high status jobs relative to the numbers of persons who carry the ostensible qualifications for such jobs. . . But, it must be emphasized that there is nothing inherent in postsecondary entitlements for either education or training that would increase the number of such jobs."

There is, however, one way in which entitlements might increase the number of jobs; that would be if the practice of paid educational leave were widely adopted. Under such circumstances, a portion of each worker's working life would be spent in education with the work time so "lost" made up by hiring of additional workers. Such a condition will become feasible on a large scale only if one or both of these conditions prevail:

(1) The productivity per worker increases so that society can afford the costs.

(2) Workers accept educational benefits as part of the reward for work in lieu of comparable material or other benefits.

During the next quarter century, both of these conditions could be achieved through appropriate social policy.

Sex

In dealing with the impact of entitlements on women, Levin notes that income contingent loans might best meet their circumstances for the loan portion of the entitlement. However, he does not indicate whether a wife's (or husband's) payment is governed by the individual's income alone or by that of the family. This could seriously affect the impact of loans on a family. The drawing right approach obviates this difficulty. However, the "family impact" of entitlements needs further analysis.

Race

As Levin notes, many of the same considerations apply here as to the issue of social class. Therefore, the institutional incentive grant might also be applicable.

Age

In his discussion of the age factor, Levin reveals the age bias of his models. He refers again to "a frivolous desire for someone to undertake expensive training for a new professional career at age 50." We have dealt with this and other matters related to age in our discussion of age-neutrality.

Geographical and Urban-Rural Aspects

There is nothing to add.

4. Model IV - Lifelong Learning Entitlement (LLE)

It is now time to look at Model IV. In order to facilitate comparison with Levin's discussion, this analysis closely parallels Levin's chapter. Whenever his analysis applies equally well to Model IV, this fact will be noted and only those points will be added that are pertinent to Model IV.

Model IV includes all of the provisions of Models I and II. Like Model I, Model IV includes "education and training only under the aegis of formal institutional programs"--generally those "covered by the program of benefits under the GI Bill."

Like Model II, Model IV "would also enable participants to select nonformal training opportunities such as on-the-job training and apprenticeships." Model IV, however, would limit neither the informal nor the formal allowable educational opportunities to those related to jobs or careers. It would use a broader conception of the purposes of education that would allow a wider choice of educational options, including those that relate to personal development. In place of the provisions of Model III which relate to use of the entitlement as investment capital for employment, Model IV would allow a broad range of educational activities, including independent study. It would also permit a portion of the entitlement to be used for maintenance during periods of study, for educational counseling, for books and other educational materials, for sabbaticals, for contributions to educational and cultural agencies and any other activities that might be deemed appropriate.

Use of the entitlement for counseling is a key provision. Availability of good counseling should help individuals make decisions about the best use of the entitlement. Other uses of the LLE are discussed below.

Unused entitlements would continue to be available through retirement, thus further differentiating Model IV from the other models, which terminate at retirement or before.

As to age at which the PSE should begin, Levin suggests age 18, or upon completion of high school, whichever is earliest. While such a beginning point would be consistent with Model IV, another possibility would be to begin it after the traditional college years, say age 25, in order to concentrate this program on older adults and remove it from involvement with postsecondary financing arrangements. However, some arrangement would be needed to provide for equity between those who do not get any traditional subsidy for college attendance and those who do, and this could make for excessive complexity.

Levin covers three components of a plan: the finance system, the regulatory system, and the information system. As in the preceding discussion, we shall take note only of those differences from his proposals that would contribute to a system more consistent with LLE.

Finance: Source of Revenues

Levin makes a persuasive case for supporting entitlements from general revenues. Not only does this relate the program to a progressive tax base, but it forces a consideration of the priority that is to be given to education in the allocation of the nation's resources. However, Levin suggests that the priority issue only arises if the entitlement is available to everyone, while we would argue that it is an issue in any proposal for public financing of the education of adults. For this reason we develop the case for public financing at some length in a later section of this chapter.

Finance: Size of Basic Entitlements

Levin's discussion of this issue is a good starting point. His design provides for a fixed sum that might be drawn upon throughout an individual's life, perhaps augmented by an income contingent loan provision for those who exhaust their entitlements. He would also relate the size of the entitlement to "family background," allowing the eligibility for grant and loan entitlements to vary by income. Thus, "the person from the most disadvantaged families would be eligible" for the largest grants.

Such an approach would be consistent with LLE, but there is another set of alternatives for all of the models that should be considered. These are as follows:

a. Annual Entitlements

In place of a lump sum entitlement, each eligible individual would get an annual entitlement. Entitlement amounts not used could accumulate and would earn interest. The interest rate could be adjusted both to compensate for inflation and to achieve a balance between the demand for educational services and the supply. One of the problems with a lump sum basic entitlement is that there would be heavy inducement to use it early to avoid erosion by inflation. The annual entitlement plus interest would induce people to weigh present and future values of the entitlement. This is consistent with an age-neutral policy. The ideal would be a situation in which the amount expended in any year would result in optimum utilization of all educational resources and in which every individual could get just the amount of education he or she needs at the time best suited to his or her needs.

b. Uniform Entitlement

In place of basing the entitlement on family background or income, all individuals could be given the same entitlement. This adjustment is particularly appropriate for LLE. The use of family income is a reflection of the youth bias of the other three models. This provision is also fairer to the spouse who may not be gainfully employed.

While such a provision may seem inconsistent with the equity goal, it may prove to be a better way to achieve equity than a provision that singles out certain groups for special treatment. Under a uniform entitlement plan, adjustments for differences in income and need would come in three ways:

(1) Through taxes paid to support the system: persons in higher income brackets would get the same entitlements as those with little or no income, but would pay more in taxes than they receive.

(2) Through the tax status of the entitlement (see below).

(3) Through features designed to meet inequalities due to such factors as social class, race and sex.

c. Drawing Rights

In place of income contingent loans as a device for increasing the amount available to an individual at the time of need, a system of drawing rights could be used. Under this arrangement an individual who did not have enough in his or her accumulated entitlement account to meet current educational needs could draw upon some portion of his or her future entitlements. The portion of future rights that could be drawn could be varied in accordance with any of several factors such as age, level of education attained, income at the time the rights were to be exercised and nature of the program for which the rights were to be used. In any case, it would probably be desirable not to allow drawing rights beyond the expected average age of retirement, but accumulated entitlements would be available and an individual would continue to accrue annual entitlements as long as he or she lived.

There are several advantages to drawing rights over loans, even income contingent loans:

(1) Many individuals, particularly those with low incomes, are reluctant to undertake the burden of debt which they may not be able to pay off.

(2) Unmarried persons do not need to be concerned with carrying a debt into marriage.

(3) There are no problems of collecting on the loans. An individual who exercises drawing rights would have no annual

entitlement carried to his or her account until the amounts drawn against were made good. The obligations of persons who die prior to completion of their repayment of their entitlement would be offset by those who die with a "credit" balance.

(4) The restrictions on the portion of drawing rights that could be exercised would be a way to provide some controls in the system and yet not breaking the basic principle of broad choice in when and how entitlements would be used. In other words, individuals would have the widest latitude in the use of current and accumulated entitlements but would have some restrictions placed on their exercise of future rights.

Even with entitlements and drawing rights, some individuals may need additional resources to complete their educational plans. They would have to provide these as they do now--out of current income, from savings, by loans or whatever other sources are available.

d. Voluntary Additions to Entitlement Accounts

An additional feature that should be considered is the possibility of allowing individuals to make voluntary additions to their entitlement accounts, probably up to some percent (for instance, 10 percent) of income and dollar ($2,500) limit per year. Such additions would be tax-exempt in the year of contribution and earn interest. Such voluntary additions would be subject to the same rules regarding usage as regular entitlements.*

If the tax advantages and earnings are attractive to persons with sufficient incomes, this provision would be an added inducement to individuals to allocate funds for education and related purposes. Furthermore, this provision would provide an additional source of funds to be used to cover the exercise of drawing rights, thus reducing the amount of public capital required for this purpose.

Finance: Public Support Requirement

As Levin indicates, there are many factors that will need to be taken into account in determining the cost to the government of any entitlement plan. Obviously, the costs will be vastly different depending on whether the PSE replaces all present postsecondary support programs or whether it is used only for the lifelong component of education. The amounts required to overcome most of the cost barriers for adults are considerably less than those needed to provide full-time opportunities for traditional postsecondary students.

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* Indeed, it has been proposed that such tax-sheltered arrangements, modeled on similar plans for retirement, be established for educational purposes, even if there is no companion entitlement program.

An annual entitlement of $200 would cover the majority of the educational needs of adults and the accumulation of a $200 entitlement with interest over a period of years, or the drawing right equivalent, would support more ambitious undertakings. The exact cost of such an entitlement on an annual basis would, of course, depend on the rate at which individuals exercise their entitlements. Projections based on population and various assumptions regarding utilization would be necessary to determine what would constitute a feasible program.

There would also be a need to examine the impact of entitlements on other government programs and on tax revenues. For example, if a program like Vocational Rehabilitation were to rely on an individual's entitlement to cover all or a portion of his or her educational costs, the Vocational Rehabilitation appropriations could be reduced by some amount.

On the revenue side, it would be difficult to make reliable estimates, but an effort should be made to see what can be devised.

Levin passes rather too lightly over the issue of the impact on entitlements on publicly supported institutions in a system of full financing through students. Other than differences of governance, which Levin notes earlier, what would distinguish public from private institutions? If states continue to subsidize public institutions, private institutions might still find it difficult to survive, and inequities would remain as some students found it easier to attend public institutions than others.

One way to deal with this situation would be to relate the entitlement to the cost of attending the particular institution chosen by the student, as is done in many present student-support systems. Such an approach does not seem well-adapted to the needs of adult part-time students who have differing maintenance requirements as well as being less mobile and thus more restricted in the places they can go. Furthermore, as Hansen and Weisbrod (1969); Windham (1970); and Benson and Hodgkinson (1974) have shown, tuition subsidies do not promote equity among income groups. For this reason, Benson and Hodgkinson developed a proposal very similar to the one presented here.

The issue needs attention. We do not have a satisfactory answer but offer the following proposal as a suggestion that may stimulate others to come up with better solutions.

Public institutions would obtain their funds in exactly the same way that they do now. Nothing on the appropriation side of their financing arrangements would need to be touched. The difference would come with respect to the way student fees are assessed. Each public institution would be required to calculate each year a full tuition equivalent, based on estimated enrollment which would be the amount of tuition and fees it would have to charge if it received no public subsidy. That amount would be collected from every full-time student and prorated for part-time students. The portion that was normal tuition would go to the institution, the balance would go to the subsidizing state or local government, thus in effect reducing its subsidy.

What this arrangement would mean from the individual's point of view is that public subsidy would not affect the price of education, although some public institutions may still cost less than some private ones because of other factors, such as differing faculty-student ratios.

From the institutional point of view, the advantage to the publicly supported institution would be the guarantee of its annual budget regardless of the number of students who enroll in that year (adjustment for enrollment decline would occur in the following year); whereas a private institution's entire income would be dependent on enrollment, except for that portion derived from endowments or donations.

From the point of view of the states and localities, this arrangement would mean that they could guarantee the continuation of institutions to which they already have a commitment and do this at very little, if any, net cost. That is, if enrollements in public institutions were greater than anticipated, the return to the state or locality from the full tuition equivalent could be greater than its subsidy. The cost to states and localities of subsidizing postsecondary education could be shifted to the Federal tax base. State funds so saved could be shifted to other needed social services, used to subsidize research and community-service activities of the public institutions or return to taxpayers through lower state and local taxes.

Tax Status of Entitlements

A factor that would complicate the analysis of the cost of LLE would be the tax status of entitlement benefits. Levin is silent on this point, since he assumes continuation of the current practice of not taxing such benefits. However, it might be preferable to treat the benefits as ordinary income in the years in which they are received and thus subject to regular Federal and State income taxes.

There are several reasons for this suggestion:

- Treating benefits as income would eliminate the necessity for differentiating for tax purposes between educational expenditures made from one's own resources and those paid with entitlement funds.

- It would mean that entitlement funds could be governed by the same rules that govern ordinary income. Since these rules, especially those governing allowable deductions, reflect Congressional judgment on what kinds of activities should be encouraged, they put the entitlement program within the existing framework for making such judgments. Thus, if certain kinds of educational expenditures are tax deductible (for example, those related to job improvement) and others are not (for example, those undertaken for self-fulfillment), the same rule would apply to expenditures paid with entitlement funds. The result would be that, just as at present, it would cost an individual with taxable income more to undertake educational activities that are primarily of personal benefit while enabling one to use more of one's entitlement for educational activities that are deemed to have more social benefit.

- Making benefits taxable would further "fine-tune" the plan to variations in income. Persons without taxable incomes would be able to use all of their entitlements for educational purposes. As income increases, individuals would have to cover increasing proportions of their educational expenditures from their own resources, but the proportion would be closely related to income level, thus eliminating the inequity that now exists for middle-income families. This would also eliminate any necessity for a "means test" for entitlement recipients.

- One disadvantage of this provision is that it would make it more difficult to predict the net cost of the plan. Some portion of the benefits would come back as taxes but the exact amount would be determined by the prevailing rules on allowable deductions and the extent to which individuals choose to use their benefits for options that are deductible. However, this disadvantage would appear to be more than offset by the advantages. Before a final determination is made on this matter, simulations should be done for both tax and non-tax arrangements.

Regulation: Eligibility to Receive a Lifelong Learning Entitlement

The basic condition governing eligibility has already been discussed. Levin indicates that the PSE would also be "used at any time over the life of the individual." This is the same for the LLE. However, he would like to prevent "frivolous changes in careers near retirement age." First, there is a problem as to who is to say what is frivolous. Second, under future conditions it may be important for people to develop new careers for retirement. LLE would help with this.

Regulation: Types of Investments for Lifelong Learning Entitlements

Levin spells out in further detail the uses to which the PSE could be used. Most of these uses would also be appropriate for LLE. However, where he makes special note of the use for placement services, which is consistent with the career emphasis of his three models, LLE places greater emphasis on the use for information and counseling services.

Information and Counseling Services

Nearly every study of adult education mentions the need for adequate adult information and counseling services, particularly for those adults who are not currently participants in any educational program. More adequate information would thus increase the utilization of existing resources with little additional outlay. As for counseling, there are only limited places adults in most communities can go for educational and career counseling. Counseling can help individuals make better choices among available opportunities or assist them in getting opportunities that may not otherwise be provided. Making the right choice means that the individual uses time and money to better advantage and the providing institution has its resources used more productively.

Funds invested in information and counseling services can help enhance the return on all other resources invested in adult education. In relation to the total expenditures for the education of adults, the amounts required for information and counseling services are modest, but the payoff in terms of better utilization of all other resources, as well as in greater satisfaction from the efforts undertaken, would be very great.

Maintenance

Another use that would be emphasized under a LLE plan would be for maintenance during periods of extended study. A barrier to study by adults is often not only the direct costs of education, but the foregone income needed to maintain the individual and his or her family. While an entitlement program that provided for any extensive support would be costly, this possibility must be considered in any long-term projection on the development of entitlements.

There would, of course, be problems in the regulation of the use of funds for maintenance, but these problems have been largely worked out for veterans using the GI Bill entitlement and could be similarly worked out under a more generalized plan. One way might be to provide a subsidized loan program to supplement LLE.

Sabbaticals

There is a growing recognition that the concept of the sabbatical or paid leave, long practiced only in higher education, is desirable for others as well. The phenomenon of the mid-life "blue and white collar blues" is becoming more prevalent, and many people, out of necessity or inclination, are changing jobs and careers in mid-life. Entitlement funds to support an extended period of paid leave, from a few weeks to a year, would enable any individual to prepare for a new career, undertake study for personal improvement, or just take time to break from the pattern of life and work to reflect on one's life and prepare for what most people in their thirties and forties could well be the second half of their lives. Just knowing that one has available the opportunity of the sabbatical if work and life get too oppressive as one approaches 40 may itself have positive psychological benefits whether or not the option is actually exercised.

It has been argued that the use of the entitlement for sabbaticals should be tied to education. However, by the time individuals reach mid-life, they should be able to make the judgments as to what sort of activities best meet their needs. At this point, forcing people to justify an activity as educational will create additional administrative burdens that probably cannot be justified, except on the grounds that such a requirement is necessary to gain support for the plan.

If the sabbatical use were allowed, there would have to be regulations that would require individuals to leave their normal employment during the sabbatical period so that the entitlement does not become merely a mid-career income supplement. There would also have to be provisions regarding employee and employer rights upon termination of the sabbatical.*

Retirement

Unused entitlement funds would continue to be available to individuals after retirement and, if an annual entitlement approach is used, these should continue to accrue. This would be another important element of LLE since more and more retired individuals are participating in adult education and even regular collegiate programs.

Moreover, students of aging are finding both that older people can and do continue to learn and that such activity helps slow mental and psychological deterioration. If availability of entitlement funds into retirement years proves to be of great benefit to the elderly, special provisions might be made to provide entitlements for elderly persons who have not accumulated sufficient amounts or who have exhausted their entitlements prior to retirement.

As to what happens to an individual's entitlement if he or she should die before retirement, all rights could terminate or unused amounts could be used for the support of the education of surviving children, thus adding to Social Security survivor benefits.

Regulation: Eligibility Requirements for Educational Providers

The determination of eligible providers is one of the most critical areas of any plan. If one objective is to maximize options for individual choice, the rules governing eligibility must be liberal. The more open the eligibility rules, the more reliance there will be on the judgment of individuals to avoid foolish or fraudulent use of the funds. For this reason, good information and counseling services

*An alternative, suggested by Barry Stern, is a system of unpaid leaves which would give individuals the right to take an extended break from work without loss of job, seniority, or other rights.

would be important, as would sound procedures for handling complaints and monitoring the system. Levin has well covered the requirements for these latter components.

Administration of an Entitlement Program

The administrative demands of an entitlement program would be no greater than at least two other programs that touch nearly all Americans - income taxes and Social Security. Each of these has experience and procedures that would be directly applicable. For this reason, it might be best administered through one of these two programs. Since the Social Security system has more elements in common, it might be most appropriate.

However, upon detailed study, it may prove better to set up separate administrative machinery, drawing as much as possible upon the other two systems for guidance and using them wherever that works best.

There will, of course, have to be rules developed regarding such matters as approval procedures for institutions, arrangements for interpreting the rules, making decisions on situations not covered by the rules, handling appeals and problems and enforcing the rules. Undoubtedly, some system of local offices will be required but this would be very similar to what has already been done by Social Security and, therefore, might most readily be added to its responsibilities.

A major objective should be to make the entire entitlement system simple enough so that extensive administration would not be necessary. To achieve this objective, one essential step would have to be the consolidation of all financial aid programs into one entitlement program. The present system already imposes excessive burdens on individuals and institutions. An entitlement arrangement must be simpler than the present system.

Another way to achieve simplicity is to use administrative machinery that is in place and familiar to everyone. One system that meets that requirement is the check clearance system. To illustrate how this might work, every individual who is granted an entitlement would have an account established for him in an Entitlement Fund (EF). The account would operate in almost every respect like a checking account with overdraft or cash reserve privileges. The individual would receive checks imprinted with his or her name and account number (probably a social security number) as with regular checks. In addition, the check would have spaces to indicate the nature of the expenditure being covered: counseling, tuition, supplies or maintenance.

When he or she wishes to pay for an educational expenditure, or he or she would write a check for the amount to the providing agency which would submit the check for payment through normal banking channels.

When the check reached the EF it would first be determined if it was submitted by an eligible provider. If the provider was not eligible, the check would be returned to the bank from which it had come. Presumably, most banks would not cash checks for providers whose eligibility status was unknown, so that the instances in which ineligible providers would seek to get money would be very rare.

Once the eligibility of the provider had been determined, the check would be compared with the individual's account to see if there was money in it and that he or she was not exceeding the allowable limits for the particular expenditure. If there were any irregularities, the check would be returned with an indication of the reasons.

If the check were fully acceptable, the individual's account would be debited in the categories of expenditure indicated on the check, and the account of the submitting bank would be credited. Funds would be transferred as is now done from public agencies to private banks.

Each individual would get a periodic statement of his or her account which would look very much like a regular bank statement.

This arrangement would work no matter what entitlement arrangement were adopted: a single, fixed lifetime entitlement; a single entitlement with an annual cost of living adjustment; an annual entitlement with or without interest on the accumulation.

The great advantage of this arrangement is that it would utilize an already existing, working system that is familiar to all institutions and to most individuals. The costs could be readily projected from present check handling costs; existing computers and computer programs could be readily adopted for use by the EF; and trained banking personnel could handle most of the work.

Whatever the administrative arrangements, no system like this can eliminate fraud; but as much as possible should be done to make it difficult without making the system cumbersome for the overwhelming majority of honest users. The most desirable arrangement would be one in which the rules were clear and simple, and violations were surely, swiftly and severely punished.

5. Suggestions for Implementation

Review of Analogous Programs

Levin suggests the review of several programs analogous to aspects of the entitlement: The GI Bill, MDTA, Career Counseling and Information Services, and Pre-School Industry and Educational Vouchers.

In addition, there should be a review of various state programs of direct aid to college students, particularly those that provide aid to part-time students, such as in Illinois.

There should be a review also of the business and union programs for providing educational benefits of employees, usually in the form of full or partial tuition reimbursements. There are hundreds of millions of dollars of such benefits potentially available annually, yet the utilization rates run very low, at around 4 percent. We need to find out why this is so and what it implies for any particular entitlement approach.

Delineating Parameters and Estimating Costs

In addition to the factors to be examined that are listed by Levin, a full analysis of LLE would be needed to estimate annual and lifetime utilization rates for various age cohorts and the impact on such rates of various levels of annual entitlement amounts and interest rates on accumulations.

Demonstration Projects

We agree fully with Levin's reservation regarding the utility of demonstration projects in forming public policy. However, rather than demonstration projects, it is possible and desirable to think in terms of an incremental approach to the implementation of any entitlement plan. The entitlement concept can be introduced into such programs as those for the long-term unemployed in a recession or for persons who obtain temporary public service employment. Such individuals could be given an educational entitlement as part of their benefits. This might give them access to opportunities to make themselves more employable, or to move to other employment, as in the case of public service employees. It would also give the unemployed person something constructive to do with his time, which in itself might make him or her better prepared for a job when it comes along.

Such implementation would provide a test of the entitlement idea under various circumstances and would permit the build-up of the needed administrative and regulatory machinery on a gradual basis.

Indeed, we already are well advanced on an incremental adoption of the entitlement concept. The GI Bill is, of course, a notable step, as is the Social Security Survivors Benefit Program. The Basic Educational Opportunity Program is another step.

It would seem that we may not be as far from an entitlement program as some might at first think.

III--A NATIONAL ADULT RECURRENT EDUCATION ENTITLEMENT VOUCHER PROGRAM: FINANCING OPEN LEARNING AND CONTINUING EDUCATION THROUGH SELECTIVE ENTITLEMENTS

By

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The National Adult Recurrent Education Entitlement Voucher (NAREEV) proposal[1] suggested here falls into the neglected area of public policy between various higher and postsecondary education policies on the one hand, and the manpower and employment policies and programs on the other. The social need for policy in this area is compelling. This proposal was presented before the Subcommittee on Postsecondary Education, House Committee on Education and Labor, September 25, 1975. It is incorporated in legislation which will be introduced by Senator Edward W. Brooke (R., Mass).

American Recurrent Education and Goals for Public Policy

Recurrent education in the United States is meeting the needs of millions of adult students who are served in a wide array of programs. This recurrent education activity is currently financed primarily through user payments--the private investment of individuals and employers. Public investment is quite small. This financing pattern has created a private "learning market" which has worked well to insure the responsiveness of the providers of educational services in meeting the needs of their clients.

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[1] The substance of this paper is drawn from several documents to which the reader is referred for greater depth and detail. This plan was first designed and proposed in Nolfi and Nelson (1973). It was subsequently elaborated and refined in Nolfi (1974, 1975). Additional sources were Nolfi (1976c) and Nolfi, G. J., Analytical Framework for Comparative Policy and Program Analysis of Alternative Proposals for Federal Programs of Educational Entitlement (in process; see other Nolfi paper in this book where the analytical framework is presented). This NAREEV proposal and related public policy options and needs are analyzed in detail in Nolfi, G. J., National Policy for Recurrent Education (manuscript in process, available 1977).

However, certain groups of adults, particularly those with lower levels of income, previous educational attainment, and job status and those who are not able to bear the cost themselves, are usually not able to participate. Nonetheless, there is evidence that there are large numbers of such non-participating adults who do wish to improve their position in life by upgrading their skills through education.

Therefore, selective, targeted public investment in the education of such adults whose needs are not being met by the existing system would have large public benefits, as will be shown in the course of this paper. Extensive public investment in new program development, direct instruction, or capital costs is not needed to facilitate adult learning. Nor is public subsidy needed to motivate adults to pursue continuing education, but rather to overcome problems of differential access. Moreover, sound public policy should build upon and utilize all the wide array of existing educational resources without unnecessarily duplicating or replacing the existing privately financed instructional system or reducing the current level of private funding.

To achieve these objectives requires something more than simple expansion of current postsecondary education policies to include part-time adult students. Public investment in recurrent education should focus on aid to individual students as well as provide for such non-instructional services as information, counseling, referral and job placement. The aim of public policy should be to help adults who in the past have not participated in education to better utilize the existing recurrent education resources.

Here the problems with the existing recurrent education system in America are definable and limited. Public policy and investment should be directed at those particular aspects of recurrent education needs which are not being adequately met by the spontaneous responsiveness of the existing system, without disrupting the ongoing operation of the system.

Specific weaknesses in the current operation of the system (which public investment could constructively meet) are: (1) inadequate service to low-income, low-previous-education adults; (2) most effective use of the broad spectrum of educational resources available; (3) the provision of adequate educational and job counseling and (4) improving the rapid response character of the system through linkages between providers of educational services and employers. Roughly three-fourths of the adults pursuing continuing and recurrent education are doing so in programs, organizations and institutions other than the higher education sector. The task of public investment in recurrent learning should be to build upon and utilize all these existing resources without unnecessarily duplicating or replacing the instructional capacity which exists or the extensive private funding which is now available.

Further, in the traditional "full-time-day-study" model of youth higher education, one of the largest costs to the individual is the cost of foregone income, a cost which is not generally a concern to younger students without family responsibilities. Adults, however, typically now study on a part-time basis while they continue on the job. This pattern, yields significant benefits to adults who wish to achieve a greater integration of work and learning experiences, and it reduces the foregone income cost nearly to zero. Part-time study also reduces the potential cost to society of lost productivity, and income and taxes which would occur if adults took full-time off for study. Hence, public policies for recurrent education, in contrast to policies that encourage full-time study for youth, should specifically support and encourage part-time adult study. Subsidy of foregone income of adults is generally not necessary and would be an inefficient use of public funds.

The subsidy mechanism should be derived from the particular characteristics of the continuing education system, which operates almost entirely in a "market" mode, and the unique characteristics of adult as opposed to youth clientele. The natural responsiveness of the existing array of providers of educational services system to the needs of adults can be enhanced through the provision of demand subsidies directly to adult consumers. Such a subsidy will permit adults to make their own decisions about how they want to pursue their education, a condition which means that they should receive good information so they can make intelligent decisions.[2]

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[2] The adult recurrent and continuing education system operates much more in a market mode than does traditional postsecondary education. Moreover, many of the major problems (for example, the difficulty in youth's perceptions of the relative long-run monetary and other returns from various education pursuits) do not exist when the clientele is mature adults who have been working and who usually have a clear perception of where they want to go and the relationship of education and training they might pursue through these career objectives. Most adults are relatively informed and intelligent decision makers and, hence, will utilize a direct public subsidy in a socially efficient manner.

A more detailed explication of the goals and criteria for national policy is presented in Nolfi, 1977).

Selective Entitlement Vouchers: The Appropriate Policy

Selective entitlement vouchers are the policy instrument of choice to meet objectives of equality of educational opportunity, efficiency of public investments, and high social rate of return of those invested funds. The proposal is an entitlement because all eligible persons are guaranteed resources subject to a rationing scheme, which makes it a selective entitlement. It is a voucher because the entitlement recipient obtains the entitlement in a form that gives him or her considerable discretion over where, when and how it will be used. In contrast, for example, low tuition at a public institution is a form of entitlement but it is not a voucher.

The following section presents one possible design for a selective entitlement voucher program or National Adult Recurrent Education Entitlement Voucher Program. It is based on the design proposed in Massachusetts. NAREEV is designed specifically to support part-time, not full-time study. Vouchers entitle recipients to take one or two courses, or the equivalent, per semester up to a fixed total (for example, to the level of two years of postsecondary education). Vouchers would vary in amount from partial to full tuition, depending on: (1) the recipient's income and previous education (eligibility would be determined annually) and (2) the actual different tuition fees charged by the public, private, proprietary or other organization providing the instructional services chosen by the recipient.

Priority clients for the entitlements would be adults of low income and low previous education who are 25 years of age or older. They should come from two groups, those we call "second chance clientele" and "disadvantaged clientele."[3] The former include persons with some college credit as well as all persons with non-credited postsecondary competencies. Existing continuing education programs do not attract many such people because they usually cannot get credit for much of their learning in non-traditional settings and often do not see a link between several years of part-time study and potential benefits. This group is stable and employed, but with heavy financial, family and job responsibilities. Many of these people now find that their competencies are not adequate for new kinds of jobs and careers. They are in direct competition with those now coming out of college--they need degrees. Recurrent education and open-learning approaches can be a way of breaking through dead-end careers or jobs. For this group, particularly, it will be necessary to provide counseling to determine certifiable competencies earned through apprenticeships, proprietary schools, vocational or trade schools, technical institutes, the armed forces or in-service training on jobs. The creation of a system for certifying these competencies for credit for a degree will be a major incentive in attracting these students to education. Vouchers would aid such persons to overcome financial obstacles.

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[3] This discussion of target clienteles is a brief summary of findings in Nolfi et al. (1974).

"Disadvantaged clientele" include persons characterized by low income, low previous education, basic language difficulties, physical or emotional problems. Surveys indicate that such people desire regular employment first and foremost, with the knowledge that a major barrier to their employment is inadequate education. These potential students will require the most careful educational and career counseling. They may need special remedial courses, training in English as a second language or other special services which may be provided by the educational institutions or by community agencies.

By targeting on these two groups, the proposed adult voucher program would not duplicate existing student aid programs and it would not constitute an attempt to reform existing patterns for financing traditional full-time-youth higher education.

A course-based voucher for adults with selective entitlement would permit the adult to use the highly mixed system of public, private, collegiate and non-collegiate postsecondary recurrent education. This freedom of choice is important to most adults, and subsidy to a single class of providers or single type of institution would severely constrain adult opportunities. Moreover, this proposal has a self-regulating tuition-setting mechanism. An institution which raises tuition to gain additional funds from vouchers from some students will lose other students who are either self- or employer-financed.

The voucher should be for actual tuition costs per credit hour (or equivalent) for courses at the extension, continuing education or evening division program tuition levels of eligible public, private and proprietary institutions, up to some dollar maximum percredit hour based upon prevailing per-credit-hour tuition. This approach automatically adjusts for the price (tuition) differentials between public and private institutions caused by the indirect subsidy already received by public institutions.[4] If per-credit-hour tuition at the institution of the student's choice is higher than the amount allowed, the student will have to make up the difference or seek additional support.

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[4] Public and private institutions have similar true or total cost structures. Public institution prices (tuitions)

There are several possible eligibility options.[5] The one recommended is as follows:

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for sale of continuing education services are lower due to the indirect subsidization of certain of these costs in public institutions (see detailed analysis in Nolfi and Nelson, 1973).

[5] The other options are:

First, voucher entitlement would be awarded for each semester or year. Under this option, potential students could apply on a first-come-first-served basis each semester. Some semesters, a student might receive a voucher if he or she applied early enough, other semesters he or she might not.

Second, voucher eligibility, once determined, could be automatic until completion of certificate or degree. Under this option, a student, once he or she has initially applied for and received a voucher entitlement, could be eligible to draw upon this fund until he or she had completed the program for which it was given. To maximize the effectiveness of targeting limited resources on those adults most in need and to give the maximum number of adults the opportunity to benefit from the program, determination of voucher eligibility annually for two courses per semester or four courses per year, at a time, is most appropriate.

Third, the size of the voucher could be geared either to rising educational and income level as student advances through a program, or solely dependent on pre-voucher learning. Under the first option, the size of the voucher would fall as the student completed each year of credit or received an income raise over time. Under the second option, the student would receive the same level of voucher until he or she had completed the program. It is most appropriate for the voucher to be geared to income and education on a yearly appraisal basis.

Fourth, the voucher award could be fixed in total dollar terms or in total number of courses per term. Each student might qualify for a maximum dollar amount (actual tuition up to a maximum of 50 credit hours for two courses per semester), which he or she might use at any public, private or non-degree granting institution. For the same voucher award, the student might choose to attend fewer courses per semester at private institutions or more courses at public institutions. Or the student might qualify for subsidy of specific total number of courses at any institution, in which he or she might wish to enroll. If the student enrolled at a private institution, the voucher program would pay a particular percentage of the

Eligible recipients of the vouchers would receive vouchers for one or two continuing education courses per semester (three-credit courses) up to a total of 32 courses, the equivalent of four years of college, or a bachelor's degree, whichever comes first.

The dollar amount of the voucher would range from partial to full actual tuition reflecting both the recipient's income and previous education in accordance with the formula selected for the rationing matrix (see details below). The higher one's income or previous education, the lower the per-course voucher amount. Thus, those in the lowest income and lowest previous-education categories would receive full actual per-credit-hour tuition (up to a maximum) and those in the higher income and higher previous-education categories (within the eligible range) would receive a percentage of the actual tuition cost per credit hour. This sliding scale is designed to insure that adults in a range of income and previous-education levels are assisted. It provides maximum assistance to those with the greatest need while also providing some aid for hard-pressed, middle-class, working adults.

Eligibility criteria should be specified by regulations widely published in newspapers and in handouts at welfare offices and community agencies, and through announcements on TV and radio and other sources. For example, a rationing matrix, indicating voucher-size eligibility as a function of income and previous educational attainment, could be published. Any eligible adult could then determine his or her own eligibility for an entitlement voucher and apply for it. Vouchers would be awarded on a first-come-first-served basis until total annual appropriated funds are expended for each population-group category indicated on the rationing matrix (the total appropriation should be apportioned in advance over the set of income and previous-education categories within the broad eligibility range as discussed below).

In keeping with the operation of this program as a selective entitlement program, extensive needs-analysis application forms should be avoided. Rather, applicants would fill out a simple form (which could be printed in local newspapers together with criteria for self-determination of eligibility). On the form they would state relevant facts

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tuition price there, and if at a public program, the same percentage but a lesser amount. Voucher awards on a two-course-per-semester basis will be most effective in achieving the program's overall objectives.

Fifth, combinations of provisions from the four options above could be used.

about their income and previous-education level and sign a statement, subject to the penalties for false statements, that the information provided is correct. A requirement that the application be notarized could be added. This approach simplifies the administrative cost of the program and makes the program easily accessible to those for whom it is designed. A percentage of the applications would be audited (e.g., 5 percent) by an appropriate agency, with recipients randomly selected for audit being required to document statements made on the application form. This routine audit provision and specified strong penalties for failure to document statements on the application form should effectively deter cheating.

At any reasonable levels of funding not all members of the population who fall in the eligible categories would be able to receive vouchers. Hence, in addition to the rationing matrix procedure which permits graduated voucher payments, a procedure would have to be employed to determine from the applicants in each income/education category (if more apply than the number of vouchers budgeted) who will receive the voucher. A lottery or a "first apply first awarded" approach are suggested as the fairest way to deal with this problem.

Another alternative for rationing a limited budget over a large number of applicants would be to concentrate all the available budget on the lowest income/education class, rather than, as recommended in this paper above, distributing available resources so as to fund an equal percentage of eligibles in each income/education category. This approach would have the disadvantage of limiting voucher awards to too small a segment of the population in need.

A third rationing alternative would be to reduce the size of all awards by the same proportionate amount. Other resources available to aid adults who would be NAREEV recipients are extremely limited so the voucher must be of adequate size to be effective.

Adults with artifically low incomes (through shrewd tax planning or voluntary abstinence from labor and earnings) should be excluded from eligibility. This is difficult to do administratively, without creating complicated barriers to application. A simple approach would be to omit consideration of assets until the voucher is awarded, then, with the letter of award announcement, send an asset statement to be filled out and notarized. Recipients with too high an asset level (a level should be assigned for each education/income category) would be eliminated and would not receive a voucher.

If a voucher recipient were receiving veteran's educational benefits or other educational payments, those payments would be subtracted from the voucher. Further, at the outset of the program, there would be eligibles already enrolled in continuing education programs. At the beginning of the program (e.g., for the first year) those already enrolled should not be eligible. Subsequently, they should be; but, in the first year, new entrants should be specifically sought. Subsequently, a lottery device would assure fairness.

Legislators may be quite legitimately concerned that funds appropriated for the NAREEV or any similar program should be limited to career and job-related educational pursuits, especially if one of the purposes of such a program is to aid adults of low income and low previous education improve their socioeconomic status. To meet this concern, use of vouchers could be restricted to such pursuits.[6] This can be done by adding such a contingency factor to the NAREEV Program, but such a criterion would complicate administration of the program excessively. It is better to retain administrative simplicity and rely on the preference of the target clientele for occupationally oriented education. Studies have shown this preference among target clientele to be very high (Nolfi et al., 1974). Only a small fraction of the voucher recipients, when left to their own choices will pursue education totally unrelated to career advancement. This factor is therefore relatively self-regulating; it is better to accept a small percentage of non-career-related use than it is to add a massive administrative complication.

Safeguards and incentives must be designed into the NAREEV program to prevent institutions from enrolling students, collecting the voucher payments and simply allowing the students to drop out. Incentives should lead institution to monitor the progress of the voucher recipients and help them (with counseling and tutorial assistance) as needed to avoid dropping out. This is particularly important since many of the target clientele will have great trepidation about their ability to study and perform in the educational environment. Many have had bad previous educational experiences.

A simple device to accomplish this end is to make the payments to institutions conditional on progress. It is suggested that the voucher be redeemable 1/3:1/3:1/3 over the duration of the semester. Thus, the institution would receive 1/3 on enrollment, 1/3 upon submitting a notarized statement that certain recipients have completed half the course or program, and the final 1/3 upon submission of a similar statement asserting that certain students completed the program. Penalties for institutional misrepresentation would be involved.

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[6] Many of the European plans are of this type.

A broad view must be taken of program or provider eligibility. The vast and diverse array of providers of recurrent education services to adults has been mentioned earlier. Simply stated, a voucher recipient must be able to automatically tender his or her voucher *at a minimum* at those public, private, and proprietary institutions which are eligible for Federal student aid programs.

In addition, after initial implementation on that basis, a mechanism should be established whereby other less formal programs or "course equivalents" offered by non-educational institutions (e.g., community agencies) should be eligible. It is not possible at the outset to determine all such courses. An advisory panel consisting of representatives of the target clientele who have no connection with any public, private, or proprietary educational institution should be empowered to determine eligibility of other programs upon submission of an application for eligibility from the provider of the educational service.

It is critical that the NAREEV Program be administered as cash vouchers, not "fee waivers" (sometimes mistakenly called "vouchers") or earmarked subsidies to institutions. The problem with most existing fee waivers is that they entitle a person to take continuing education courses free at public institutions subject to the approval of the institutions. However, the few waivers cannot be redeemed by an accepting institution for cash. Thus, they really are not vouchers at all from the point of view of education-finance theory or from the perspective of a budget-conscious continuing education administrator. What happens is that those eligible for fee waivers are enrolled in classes which still have to break even on the tuitions of other students; and, hence, classes are larger than would otherwise be the case, and support for expenditures for the classes cost less per student. In effect, the fee waiver entitles the recipient to a free, but diluted, course and education. Because of this factor, and because of the problems of the occupying of class slots by non-paying students when they could be occupied by cash-paying customers, institutions often have exercised the right to refuse acceptance of the waiver.

A solution is to make the fee waivers truly vouchers which carry a cash value. This would require a specific appropriation. If that were done, the vouchers could also be made useable at private institutions and at proprietary and independent schools, thus giving the recipient a greater choice.

The existing Federal Law Enforcement Education Program vouchers provide an excellent demonstration of the responsiveness of the continuing education system to specific clientele vouchers. The availability of these vouchers for law-enforcement personnel has led many institutions to respond to the need and create law-enforcement-education degree and non-degree programs. The program is a striking demonstration of the advantages of demand versus supply subsidization. It was not until this demand subsidy became available that most institutions (there are some commendable exceptions) seriously considered instituting criminal justice and law enforcement programs.

The NAREEV Program should be administered by some agency within the U.S. Department of Health, Education and Welfare or by an independent agency. In selecting the administering office, or in creating an agency, arrangements should be made so that the agency or office could legally receive funds from other sources besides direct appropriations (e.g., tax-exempt donations). This is important, for a variety of funds could be tapped to supplement direct appropriations. These include certain CETA funds, voluntary charitable (tax deductible) contributions to the agency and grants and contracts from the Federal Government and private foundations and other sources. A non-profit government corporation is one form, though not the only one, that meets these requirements.

Implementing Selective Entitlement: Allocating Limited Resources by a Rationing Matrix and Lottery Procedure

The voucher program would operate as an entitlement for those eligible with the proviso that the rationing of the appropriate resources would be done in accordance with a rationing matrix procedure. Several analytical steps are followed in developing the rationing matrix so that there will be an equitable allocation of any fixed appropriation to the eligible clientele. The steps followed are summarized here, and then the rationing matrix procedure selected as most appropriate, given the policy objectives of the program, is presented.[7]

Step 1. The gross potential enrollment in recurrent education is estimated for each cell in the population distribution matrix, using responses to a survey telephone sample of the population in 1973 in which persons who were both "interested in pursuing continuing education" and "willing to pay tuition" were isolated.

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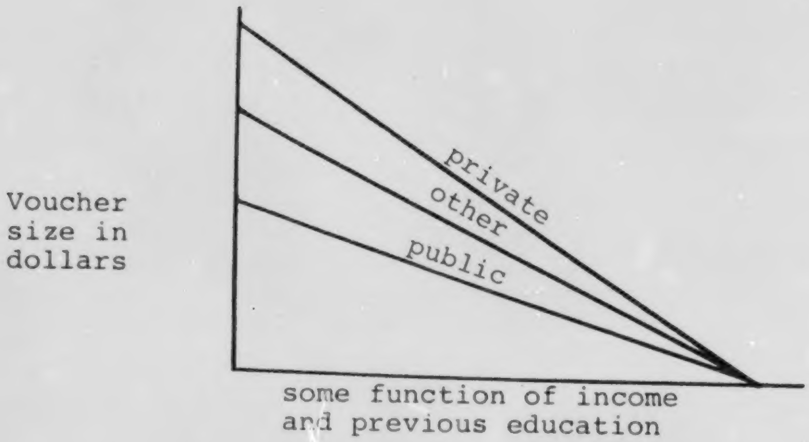
[7] In Tables 1-39 of the original AREEV design paper, a series of alternative assumptions for the design of a rationing matrix are analyzed in detail (Nolfi and Nelson, 1974).

Step 2. Potential net new enrollment (for each cell in the population distribution matrix) is calculated by subtracting current enrollments from the gross potential enrollment, since new recurrent education opportunities should add to and not supplant current programs.

Step 3. The projected distribution of voucher-subsidized enrollments among institutions resulting from recipients' choices is estimated, based on the distribution of current continuing education enrollments and an estimate of enrollments in non-degree-granting institutions: public 50 percent, private 40 percent, other 10 percent, in Massachusetts. It is assumed the voucher recipients will distribute themselves in similar fashion. This assumption is reasonable, given the specific voucher-size determination formula proposed.

Step 4. Given the range of tuitions among institutions and the distribution of enrollments in Massachusetts, the maximum voucher size (i.e., the voucher for the lowest income and education category on the matrix) would be $45 per credit hour on the average for all private institutions; $25 for public institutions; and $35 for other non-degree-granting institutions (proprietary schools, employer programs, etc.). (Note that the absolute maximum for any student is $50 per credit hour but in no case more than the actual tuition charged.)

Step 5. The size of the voucher would vary by income and previous education and by the price charged by the educational institution or other organization chosen by the voucher recipient. This can be represented in the following diagram:



Note that the slope of the curves, and indeed even whether they are linear or otherwise, is a policy decision. The particular function of income and previous educational attainment level chosen to govern the rate of decrease in voucher size as income and education are increased is a matter of policy choice. The specific approach suggested here (see figures below) has been selected as a reasonable one.

Step 6. It is most equitable to support the same percentage of net potential enrollees in each income and education cell in the population distribution matrix, given the already graduated voucher size in Step 5 above. Such an "equal percentage of net potential recipients" approach to distribution insures that the funds are distributed over the range of eligible categories in a manner reflecting conscious social policy.[8] This type of

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[8] The rule applied for distribution of limited resources over the cells in the matrix once the income and education contingency schedule has been developed is a matter of policy choice. The approach recommended is most reasonable given the program objective, but states other than Massachusetts may choose alternative approaches. Note that one alternative approach, that of having the voucher size variable in a continuous fashion based on some formula, makes the allocation of budgeted funds over the several subgroups in the eligible population difficult and leaves the program open to utilization

> distribution avoids the problem often present in clientele-specific targeted aid programs; namely, that the best educated, most articulate members of the eligible clientele group utilize all the available funds while others of even greater need receive nothing. Similarly, it insures that the limited resources are distributed over the range of those with need and not just on a small fraction of the total needy population. It is essential that the total population eligible for a voucher be divided into a series of categories as in the matrix.

Thus, both the "second chance" clientele (which are a cost-effective priority since most can pursue additional education successfully with little aid beyond competency-based credit options and vouchers) and the "disadvantaged" clientele (which are a high social priority) will be targets of this public investment in adult recurrent education.

Following the Steps 1-6 above and using Massachusetts data, the average voucher size as a function of income and previous education is shown in Figure 1.

Figures 2 and 3 summarize the results of Steps 1-6 above for the application of the rationing matrix procedure and Figure 4 shows the distribution of funding at the appropriation level of $1,000,000.

Given the average per-credit-course voucher sizes illustrated in Figure 2, given the allocation rule specified in Step 6, and given a fixed budget, course enrollments can be calculated. For thousands of adults of low income and previous education, this access would mean a second chance to obtain education--the second chance they want and need but cannot afford on their own. Within a limited budget, no plan of uniform low tuition or universal entitlement subsidy, even with scholarship provisions, can possibly aid as many target clienteles as can a direct target clientele-specific voucher.

Comparison With Other Entitlement Approaches

One final way of considering entitlement vouchers is to contrast those models designed for recurrent education

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of most available resources by those eligible clients who are at the upper end of the income and previous education eligibility range, contrary to its intent.

Figure 1

AVERAGE SIZE OF ANNUAL VOUCHER AWARD
AS A FUNCTION OF INCOME AND PREVIOUS EDUCATION

(Range of voucher size in each category as a function
of tuition shown in parentheses)

EDUCATION

Years of School Completed

FAMILY INCOME	less than 12	12	College 1	College 2-3	4 or more
less than $5,000	$408 (300-540)	$340 (250-450)	$272 (200-360)	$204 (150-270)	
$5,000 to $7,999	$340 (250-450)	$272 (200-360)	$204 (150-270)	$136 (100-180)	
$8,000 to $9,999	$272 (200-360)	$204 (150-270)	$136 (100-180)	$ 68 (50-90)	
$10,000 to $14,999	$204 (150-270)	$136 (100-180)	$ 68 (50-90)		
$15,000 or more					

DISADVANTAGED

SECOND CHANCE

CURRENTLY SERVED POPULATION

The voucher size indicated will permit students to attend two courses per term for two terms per year or a total of four courses per year. If the total cost of the four courses is greater than the voucher amount, the student will make up the difference from his or her own resources. In no case does a voucher recipient receive more than the actual tuition for two courses per term or equivalent.

Assumptions:

1. Average course is three credit hours/semester

2. Average person takes two courses per semester: example --
   average payment is $34 x 3 x 4 = $408/year.
   maximum payment is $45 x 3 x 4 = $540/year. (Average for private inst.)
   minimum payment is $35 x 3 x 4 = $440/year. (Average for proprietary inst.)
   $25 x 3 x 4 = $300/year. (Average for public inst.)

Figure 2

AVERAGE VOUCHER SIZE PER CREDIT HOUR

OVERALL INSTITUTIONS FOR EACH STUDENT

BY INCOME CLASS AND EDUCATION

(Range, dependent on institutional change shown in parentheses)

EDUCATION

Years of School Completed

FAMILY INCOME	less than 12	12	College 1	2-3	4 or more
less than $5,000	$34.00 ($25-45)	$28.33 ($21-38)	$22.67 ($17-30)	$17.00 ($13-23)	0
$5,000 to $7,999	$28.33 ($21-38)	$22.67 ($17-30)	$17.00 ($13-23)	$11.33 ($8-15)	0
$8,000 to $9,999	$22.67 ($17-30)	$17.00 ($13-23)	$11.33 ($8-15)	$5.67 ($4-8)	0
$10,000 to $14,999	$17.00 ($13-23)	$11.33 ($8-15)	$5.67 ($4-8)	0	0
$15,000 or more	0	0	0	0	0

Source: Tables 12, 13 and 14 in report cited in Nolfi (1976c).

Note: The average per-credit-hour amount is calculated by assuming that voucher recipients will distribute themselves among public, private, and non-degree granting institutions in the same ratios as the current continuing education enrollments in Massachusetts: i.e., public enrollment - 50 percent, private - 40 percent, and other - 10 percent.

Figure 3

NUMBER OF VOUCHER RECIPIENTS FOR EACH $1,000,000 OF FUNDING WHEN AN EQUAL PERCENTAGE IN EACH EDUCATION/INCOME CATEGORY OF THOSE INTERESTED RECEIVE VOUCHERS

EDUCATION

Years of School Completed

				College			
		less than 12	12	1	2-3	4 or more	TOTAL
FAMILY INCOME	less than $5,000	507	262	56	146	0	971
	$5,000 to $7,999	598	404	26	95	0	1123
	$8,000 to $9,999	344	327	194	718	0	1583
	$10,000 to $14,999	267	331	4	0	0	602
	$15,000 or more	0	0	0	0	0	
	TOTAL	1716	1324	280	959		4279

Figure 4

DISTRIBUTION OF EXPENDITURES FOR EACH $1,000,000 OF FUNDING WHEN AN EQUAL PERCENTAGE IN EACH EDUCATION/INCOME CATEGORY OF THOSE INTERESTED RECEIVE VOUCHERS

EDUCATION

Years of School Completed

FAMILY INCOME

	less than 12	12		College		Total
			1	2-3	4 or more	
less than $5,000	$207,019	$89,182	$15,204	$29,824	0	$341,229
$5,000 to $7,999	$203,218	$111,112	$5,263	$12,865	0	$332,458
$8,000 to $9,999	$93,568	$66,667	$26,316	$48,830	0	$235,381
$10,000 to $14,999	$54,386	$45,029	$292	0	0	$ 99,707
$15,000 or more	0	0	0	0	0	0
TOTAL	$558,191	$311,990	$47,075	$91,519	0	$1,008,775

finance and those designed to reform traditional higher educational finance.

Fundamentally important differences exist between these two uses for entitlement vouchers, and readers must not confuse the two types of proposals. Specifically, this NAREEV proposal is not an attempt to reform higher education finance (like some general entitlement proposals are). It is a specific mechanism for enabling adults of low income and low previous education to use existing educational resources to upgrade their skills and life.

These differences in the two "systems" of education (traditional-higher and adult-recurrent) are so great that analogy between the two approaches is often seriously misleading. Each system of education has its unique virtues and problems. Most importantly, the application of voucher or entitlement modes of subsidy in recurrent education corresponds to the present financing patterns in the system, whereas in traditional higher education, such approaches necessarily constitute a fundamental restructuring of the traditional higher educational finance.

Uses of voucher modes of finance in traditional higher education would mean a major restructuring of the financial and power and decisionmaking relationships within American higher education. In recurrent education such approaches are simply another case of demand subsidy and consumer payments. Note also that the per-course, per-student total cost of continuing education is substantially less than full-time undergraduate instruction due to differences in faculty work load and the use of adjunct faculty.

Again, the adult recurrent education system is most appropriately considered a separate, parallel system of education to the traditional higher educational system. The two systems serve two generally distinct groups of students with different motivation, and operate on rather different premises. Moreover, differences in modes of financing, use of faculty, range and type of provider institutions, etc., are extensive.

Hence, this NAREEV proposal should not be confused with the general entitlement proposals. The important distinction is that many of the general entitlement proposals are designed as much as a mechanism for the massive reform of traditional higher education and its finance as they are for the subsidy of adult students. Further, some of the general entitlement proposals, if they are universal in nature without contingency requirements, will in effect take public resources and provide grants to individuals who are presently willing and able to utilize their private resources for continuing education expenditures. Indeed, massive amounts of individual investments and corporate investments would simply be replaced by public funds under some of the universal entitlement proposals.

By contrast, this proposal is specifically targeted on those groups of adults who lack the personal or employer resources to upgrade their skills through continued education. Moreover, it is designed to utilize maximally the existing resources which constitute de facto an existing "alternative system" of recurrent postsecondary education geared to adult needs. This system is structured differently, financed differently, and operates differently from the traditional full-time undergraduate college and university system; and the clientele using it are different. This proposal must be seen in those terms. While a major restructuring of American higher education finance may be a worthy topic of discussion, it should not be confused with the more specific and limited need of aiding select groups of adults to pursue continuing education.

In addition, this proposal should not be confused with the discussion of entitlements for full-time students in higher education because continuing and recurrent education is different from the full-time higher education system, and the students are different. Accordingly, the criteria for assessing appropriate public policy and optimal mechanisms for finance of these two systems are somewhat different. Because the system of continuing, recurrent education operates in such a different manner, it is most properly thought of as a second or "alternative system" of postsecondary education, different from the traditional system in many respects, and requiring a tailored public policy. In designing public policy, it is constructive to think of a system of adult part-time and recurrent education which is parallel to the traditional postsecondary educational system, although much broader.

Further, the adult entitlement voucher recommended here must be distinguished from the voucher approach as used in elementary and secondary education. Elementary and secondary education, traditional higher education, and adult recurrent education, in fact, constitute three separate systems of education requiring three separate public policies and public-investment approaches.

Conclusion

Selective entitlement vouchers of the kind proposed here are the most effective way to target aid on those adults for whom it will do the most good--those of low and moderate previous education and income. The selective voucher mechanism is to be preferred for these adult students since the alternative of a flat grant to all adults or a direct uniform subsidy to institutions will diffuse limited national resources to all adults regardless of need, thus providing a subsidy to higher-income adults who already have high participation rates in continuing education and who are now either subsidized by employers or more easily able to pay. Continuing education costs will be borne by the student, as is usually the case currently, but these costs for some students would be subsidized. Further, selective approaches avoid simply replacing with public funds private funds which would have been invested anyway, thus improving the employability of many who would otherwise be recipients of national program expenditures of a compensatory nature.

It should be a clear national priority to help those adults most in need, so that they can utilize educational opportunities to develop their knowledge and skills. Also, this form of "demand subsidy" to the purchasers of educational services is consistent with the basic "learning market" character of American recurrent education, and will encourage the natural diversity and consumer responsiveness of the existing system of adult continuing, recurrent, and non-traditional education.

IV--COMPARATIVE POLICY AND PROGRAM ANALYSIS OF ALTERNATIVE PROPOSALS FOR FEDERAL PROGRAMS OF EDUCATIONAL ENTITLEMENT

By

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INTRODUCTION

In recent years, a number of proposals for governmental policies and programs of entitlement to education have been discussed. These proposals vary along many dimensions, and the range of variation is sufficiently great so that two proposals both using the term "entitlement" may in fact be dramatically different in their costs, sources of revenues, method of operation and target client group or recipients. They may differ also as to basic intent, some being intended to reform traditional, postsecondary financing while others are aimed primarily at providing support for adult students. Even greater confusion exists about exactly what would be entailed in the operations of different proposals. Obviously, the rationale and/or criticism of one approach cannot be automatically applied to another, yet rarely are adequate distinctions made. The debate is further confused by the fact that there has been no single comprehensive comparative review of the various proposals.

The literature in this country and abroad contains numerous rather specifically worked out proposals for implementation of the educational entitlement concept (see bibliography). Most of these proposals have been presented de novo and each stands alone. Many common threads run through the proposals, and indeed, some proposals directly borrow concepts from others and apply them in a slightly different way. Furthermore, proposals tend to be presented, either in rather general "philosophical" terms trying to show why the idea is desirable, or in specific terms with many features worked out in detail but without the full development of a rationale for the proposal.

Policy and legislative debate about educational entitlement in America is hindered by the lack of a relatively straightforward and classic type of comparative program analysis at a level of sophistication which goes beyond description but which does not become excessively bogged down in massive computer simulation of the alternatives. Such an analysis falls between a "review of the literature" and an "analytical computer model for comparison of alternatives."

Such an analysis would examine the effects of changes in specific features of each proposal on related features and on the outcomes of implementation of the proposal. It would entail systematic examination of specific proposals which are now, or can be soon, under legislative consideration and the possible public policy and program-design options which have to be considered before decisions can be made on the desirability and feasibility of each proposal. This paper will assist in that analysis by identifying the questions which will have to be answered in order to thoroughly explore the educational entitlement idea in general and any specific proposals in particular.

It is intended that this paper should be used for two subsequent analyses:

In the first stage of analysis, it is intended to be used to describe, compare and evaluate alternative entitlement proposals. At this stage, the analysis would be qualitative rather than quantitative with the emphasis on elucidation of the full complexity of each proposal on all of the design dimensions to be specified below. Obviously, considerable judgment comes to play in such an analysis, and issues about which reasonable people can disagree are highlighted for debate. The highlighting of such differences and of the requirement for certain judgmental considerations when making policy decisions about entitlement is informative. Hence, this analysis should be highly useful in the policy debate.

In the second stage of analysis, those variables in the design parameters that can be quantified will be identified and a straightforward (and necessarily approximate) quantitative model designed. In order to permit the constructing of a quantitative model, each of the independent variables must be quantifiable as must the outputs. This approach has some advantages in terms of simulating alternative approaches, but it lacks the subtlety of analysis which characterizes the first approach. Its advantage is a simpler form of analysis facilitating repetitive quantitative manipulation for comparison between alternatives. For example, a model may have a small number of structural elements (eligibility, size of voucher, use of the funds, etc.). Given fixed levels of government appropriation, an analysis can then be performed to examine the specific quantitative outcomes in terms of what population groups would receive vouchers to be used for which purposes.

Hence, it is important in reading this paper and in understanding the relationships between it, and the later analyses to be based on it, to recognize that this paper has been completed with one central purpose--to lay out in great detail and in considerable refinement the kinds of questions which must be asked as alternative policies of educational entitlement are considered and evaluated. The definition of the many "parameters" is not intended as a deliberate specification of the variables which would be used in the quantitative model; rather, the paper is a guide for the first-stage analysis, to be applied as a conceptual framework for disciplined thought and comparative analysis of proposals. For the second stage, a simpler model and many fewer variables will be required.

Framework for Analysis of Educational Entitlement Proposals

This analysis is structured around four major policy concerns that should be satisfied by any educational entitlement proposals. These constitute the first level of analysis. They are equity, efficiency, innovation/diversity and feasibility. For each of these policy concerns, several design dimensions will be delineated, and for each dimension, specific design parameters will be identified. These design parameters describe the design dimensions of any particular proposal, i.e., the "for whom, how much, for what, how implemented, source of funds, etc."

Thus, the basic outline in this section is:

Policy Concerns (I - IV)

Dimensions ($^{D}A1$, etc.)

Parameters ($^{P}A1$, etc.)

Each entitlement proposal can then be described by determining its position on each design dimension and assigning specific "values" (qualitative or quantitative) to the parameters. To evaluate proposals, criteria must be established for each design dimension in terms of which judgments can be made as to whether or not the policy concerns have been satisfied.

For example, a major design dimension (D_1) is that of "selectivity-universality." In order to implement this design aspect, "contingency criteria parameters" (P_{1i}) of age, income, nature of study, previous educational attainment, career relatedness, and so on, have to be incorporated.

Similarly, the actual "dollar size" of any entitlement constitutes a design dimension (D_2) as does the "specification of the type of use" (D_3) to which it can be put. Hence, varying amounts can be designated for instruction only, for full or partial payment of instructional costs, full-time or part-time study, for ancillary expenses such as counseling, for capital investment, for travel, for subsistence, etc. (P_{2i}, P_{3i}) and "sources of funds" constitute another design dimension (D_4). Specific existing proposals vary in their source of funds from general revenue sources through earmarked tax sources, including trust fund approaches, and various other plans (P_{4i}).

For evaluative purposes, one must further derive from the parameters a set of criteria by which the "effectiveness" of different designs, in terms of each discrete design dimension, can be assessed.

1. EQUITY

Equity should be the first policy concern in analyzing alternative entitlement proposals. It is, of course, difficult to define equity, since advocates of different positions would argue that equity should be achieved within different terms of reference. For example, "equity" considerations can be used to argue that all adults should receive an equal subsidy.

Taking a slightly broader point of view, equity would be defined more in terms of total lifelong educational opportunity and, therefore, subsidies to adults would be most equitably distributed if they were concentrated upon those adults who have received the least in the way of educational subsidy to date.

A still broader view would argue that it is not only the distribution of entitlement funds that must be equitable but the sources from which those funds are raised must each be "taxed" in an equitable fashion.

A fourth view would be that equity must be assessed in terms of outcomes. Thus, an equitable entitlement would be one that helps bring all individuals up to some minimum level either of quantity of education (e.g., 12 years), or attainment (e.g., minimum competencies).

Of these four perspectives, clearly the first is too limited; the third becomes somewhat cumbersome to deal with if one is designing, for example, a legislative proposal, since it raises questions of the equitability of the existing tax structure in America; and the fourth, while desirable in principle, is virtually impossible to operationalize in any meaningful way.

Therefore, while tax and outcome considerations are relevant, the second perspective offered above is the most useful for comparison of the design and implementation of alternatives to educational entitlement proposals.

Equity Design Dimensions

There are four design dimensions to be considered in examining the relation of particular entitlement proposals to the achievement of equity: ^{D}A1 Clientele, ^{D}A2 Finance - Who Pays and Who Benefits, ^{D}A3 Finance - Use of Entitlement Funds, and ^{D}A4 Social Utility.

^{D}A1 Clientele - Who Benefits?

For any specific proposal, there is an intended clientele, whether explicitly or implicitly stated. The clientele which actually ends up using the entitlement, however, may or may not be the same as the intended clientele. For example, evidence indicates that while many adults of all socioeconomic groups wish to continue their education, adults of upper-middle income, relatively high previous educational attainment, and high job status tend to be much better served by existing recurrent education opportunities in America. These groups are more effective at making use of opportunities which exist, and they are better able to afford the costs. Hence, if an educational entitlement program is to be equitable in terms of aiding those adults who currently have the lowest participation rates relative to their rates of interest, then it must explicitly discriminate in their favor. Otherwise, available entitlement subsidies will be disproportionately utilized by adults of higher income, previous educational attainment and job status. Several parameters can be used to analytically characterize the clientele dimension.

$^{P}A_{1,1}$ Universality-Selectivity

This parameter may vary such that entitlements are made universally available or are limited to clientele selected relative to a set of criteria corresponding to certain identified social priority needs or political choices. These criteria are discussed in detail in a later section (D_{B4}). They can be summarized as income, previous educational attainment, age, job status and use of entitlement (e.g., occupational related or general interest, or even limited to certain subject fields).

$P_{A1,2}$ Random Choice vs. Explicit Policy Prescription of Specific Distribution of Limited Entitlement Funds Among Potential Clientele

Once the criteria which affect the selectivity vs. universality of an entitlement plan are determined, there remains the problem of rationing limited resources over the total population determined eligible. Unless the criteria determining selectivity are so extraordinarily strict as to narrow the eligible population to quite a modest number, policy will have to be implemented in a fashion that rations limited (and probably insufficient) dollars over the available target pool. For example, in the Basic Opportunity Grant Program, this is done by altering the size of the award, and by limiting the entitlement to those who go through the formal application procedure. Hence, the actual pool of ultimate recipients is much smaller than the eligible pool. There are, of course, other options for rationing the limited resources. For example, entitlements may be fixed in dollar amount and allocated on a first come, first served basis, or there may be specific set-asides for various groups within the broader eligible population so as to assure that the funds are dispersed even more precisely in accordance with political policy choices. For example, once one has determined an eligible population of low-income, low-previous-education adults, a feasible public policy choice is to require that 50 percent of the recipients be male and 50 percent female or that a certain percentage be a minority quota, etc. The alternative is simply to allow those who take advantage of the offered entitlement to use it and the resulting distribution would vary accordingly, and not be deliberately determined by policy.

$P_{A1,3}$ Targeting vs. Dispersion

This parameter describes the extent to which a particular target group having a high social priority as determined in the preceding parameter is served. For example, the degree to which resources are concentrated on specific eligible populations can vary. In the simplest case, there can be arbitrary fixed cutoffs for eligibility, and in a more complicated case that sharp cutoff line may be blurred over a reasonably broad range of the population, giving a gradually increasing graduated entitlement to individuals less central in the target group and more near its boundaries in terms of their characteristics.

D_{A2} Finance - Who Pays?

All public expenditure programs by definition take money which is collected from the population according to one set of rules (the tax laws) and distribute those resources to other elements of the population according to another set of rules (governmental programs). Given the possible variations in the tax rules, there is great variation possible as to the pattern of distribution of costs and benefits from an entitlement program. The following parameters characterize this design dimension:

$P_{A2,1}$ General Tax vs. Selective Tax Sources

The basic tax options are to fund entitlements either out of general tax revenues or out of some sort of earmarked tax (has has been done in some European countries and with Social Security). To the extent that proposals differ in terms of this parameter, the equity considerations along the design dimension of who pays and who benefits will vary.

$P_{A2,2}$ Progressivity vs. Regressivity

This parameter is intended to describe the program-design characteristics of an entitlement proposal, and to be independent of the particular progressive or regressive characteristics of the tax system. This variable measures the extent to which a particular design results in the distribution of benefits in accordance with some measure of need and is paid for in accordance with some measure of ability to pay. This parameter can also indicate the extent to which those with both need and ability to pay, pay directly for the benefits or pay in the form of taxes and receive benefits in the form of entitlement.

D_{A3} Use of Entitlement Funds

As educational entitlement is made available to individuals, the particular constraints established with respect to the use of those funds will profoundly affect equity considerations. This is true for two reasons: first, the fact that limited resources used for one purpose will obviously thereby not be available for another purpose, and hence the fairness of that trade-off or resource allocation decision in social terms is affected. Second, the use of entitlement funds will determine which of the various providers of educational services, and which types of educational services (for example instruction, counseling, tutorial, etc.) will receive the entitlement funds through the decisions of entitlement recipients. For example, an entitlement proposal could limit the use of funds to instruction at certain institutions. The more limited the allowable use of entitlement funds becomes, the more they become like direct-supply-subsidy to the providers of the eligible service and the less they become demand subsidies to be used at consumer discretion in a range of eligible services. Clearly, the variation along this design dimension can be substantial and several design parameters are needed to adequately characterize that variation.

$P_{A3,1}$ Purchase of Services vs. Capital Investment

This parameter describes the range of possibilities in the use of funds from the purchase of services only, to use for instructional materials and equipment, tools and even capital goods needed to take advantage of education received.

$P_{A3,2}$ Type of Services for which Entitlement Funds May Be Used

Designs can be constructed such that entitlement funds are usable only for instruction, or also for counseling, career placement and maintenance, or any possible combination of these. Further, the use of entitlement funds may be restricted to certain types of job- or career-related courses and programs, or any type of general interest activities.

$P_{A3,3}$ Part-Time vs. Full-Time Study

This variable describes the extent to which more individuals are assisted to pursue part-time study or fewer people are assisted to study full-time (within a fixed total expenditure level).

$P_{A3,4}$ Effect on Foregone Income Cost

Various entitlement designs may aggravate, avoid, or alleviate the problem of foregone income in financing recurrent education, depending upon whether or not they require people to leave the labor market in order to study, permit them to study while still maintaining their full participation in the labor market, or provide them with subsidy during the period of time when they leave the labor market to replace the income they are thereby required to forego.

2. EFFICIENCY

"Efficiency" can be defined in many ways. For the purposes of this paper, it is both the broader social efficiency of a potential government program, and the more specific operational efficiency of a particular program design which are of concern. The latter point will be dealt with in somewhat more detail in Section 4 of this paper "Feasibility and Implementability." The design dimensions here discussed will be those which describe the overall social efficiency of a proposed entitlement program.

D_{B1} Financial Efficiency

There are several parameters described below which primarily characterize the maximum possible effect achieved from the investment of limited funds in terms of the achievement of social objectives.

$P_{B1,1}$ Degree of Subsidy of Part-Time Study

This variable, by describing the bias of a particular design towards part- or full-time study, helps to characterize the extent to which the entitlement design permits a useful integration of work and learning experiences.

$P_{B1,2}$ Effect on Foregone Income Cost

As mentioned in the introductory comments to this section, the various entitlement design can increase, alleviate, or avoid the problem of the foregone income cost. For example, if part-time study is subsidized and if that study is provided in a fashion that does not interfere with the normal work day, then the foregone income cost to the adult student is zero. On the other hand, alternative entitlement designs require that a person leave the labor force to study full time. Hence, the entitlement design itself profoundly affects the foregone income cost.

$P_{B1,3}$ Effect on Lost Productivity, Income and Taxes

This variable is related to the foregone income variable but measures instead the foregone productivity in the society at large if a particular entitlement proposal design requires that people remove themselves from the productive labor force. This effect is measured in terms of gross productivity as well as in terms of gross personal income and taxes paid.

$P_{B1,4}$ Targeting of Limited Resources for Maximum Benefit

This variable is related to consideration presented earlier under the general equity concern. However, here the parameter is to be specifically defined to look at the efficiency from a comparative cost-benefit standpoint in terms of particular defined social needs which the public investment in entitlement is to address.

$P_{B1,5}$ Net Price Equalization

This variable describes the extent to which a particular design automatically compensates for different prices charged by different providers for educational (instructional or other) services, so as to automatically provide, in effect, the same net price for a recipient regardless of which type of provider of educational services he or she chooses to use.

$P_{B1,6}$ Efficiency and Rationing of Limited Resources

While some entitlement proposal designs are based on an open-ended expenditure, most designs that are likely to receive policy attention will be appropriations limited. Hence, a procedure for rationing the limited resources appropriated over the eligible target group and target activities is essential. This variable will describe the differences in the efficiency of the procedures suggested in each case of specific proposals (cf. Parameters $P_{A1,2-3}$).

$P_{B1,7}$ Limiting Entitlement Subsidies to Individuals without High Assets

In any real world situation of available funds, the question must arise of whether entitlements will be made available to high-asset individuals. In some cases, this is one of the selectivity/universality parameters which are described in D_4 below, but it is a more general problem and, hence, a variable evaluating this characteristic of alternative entitlement designs from a general social perspective is appropriate.

^{P}B1,8 Social Rate of Return of Invested Public Funds

The calculation of social rate of return is difficult in any case, and entitlement programs are no exception. However, simple assumptions and calculations can be undertaken; and, so long as they are undertaken on a comparative basis, then this variable can be used to describe an important characteristic of the social efficiency of alternative entitlement proposals.

^{D}B2 Precision of Policy Objectives and Precision of Mechanism of Policy Implementation

A persistent problem in the educational entitlement literature and discussion at present is the confusion of policy objectives. The most obvious case of this is confusion of the two objectives of providing increased educational opportunity for adults, and the reform of American postsecondary education finance. Some entitlement propose to do the former explicitly and some propose to do both. That is not a problem. Some, however, are cast in terms of the former policy objective but, by virtue of their particular design and procedures for implementation, will, in fact, do the latter. These policy objectives are, in fact, sufficiently distinct that they should be considered explicitly, and appropriate public policies devised for each.

In this design dimension, there is consideration of exactly what policy objectives are addressed and how precise the mechanisms of policy implementation which have been proposed will be in achieving those objectives.

^{P}B2,1 Focused vs. Diffused Impact of Expenditures

This variable describes the extent to which resources expended are diffused (as e.g. with universal entitlement subsidies) or utilized in a focused way for selective subsidies to target clientele and target services or specific activities. Hence, the expenditures are either diffused over a broad range of clienteles and activities or are focused on those clienteles and activities for which there is the highest social rate of return from participation in current education.

$P_{B2,1}$ Focused vs. Diffused Outcomes

This parameter describes the extent to which entitlement programs are deliberately designed to address specific social problems in contrast to the impact the proposals may have indirectly. For example, a proposal may be addressed to the problem of unemployment by providing that only unemployed persons are eligible, while another may affect unemployment because it raises the general productivity of the society. Intended impacts are important to include in program descriptions; actual impacts, intended and unintended, are part of the evaluation.

D_{B3} Utilization of Existing Recurrent Education Resources

There exists in America an extensive network of institutional resources for recurrent education. Recurrent education services of wide-variety types are available from a wide variety of sources. Several studies have clearly shown that the public policy problem which programs of recurrent education finance need to address is one of differential access to recurrent education services, not one of building entirely new capacity for the provision of recurrent education services or of motivating adults to be interested in recurrent education. Hence, this design dimension is an important one for comparison of alternative entitlement proposals.

$P_{B3,1}$ Effectiveness of Utilization of Existing Instructional Resources

This variable will describe the extent to which existing instructional resources are utilized in the particular educational entitlement design under consideration versus the extent to which funds would directly or indirectly go for the building of new (potentially duplicative) capacity.

^{P}B3,2 Effect on Existing Private Investment

This variable characterizes the extent to which a particular educational entitlement design will result in public expenditures building upon, or indeed "leveraging" and expanding existing or potential private expenditures versus the extent to which it might simply replace that private investment. For example, private investment presently is the dominant mode of finance of American recurrent education. Some entitlement designs could result in an appreciable portion of the public investment going to subsidize those activities which individuals and organizations (e.g., employers) are already willing to pay for themselves.

^{D}B4 Selectivity/Universality

This dimension is described by a series of parameters which are outlined below. Proposals will vary in the particular values they assign to each parameter selected, which will determine the extent to which the entitlement is a selective or a universal entitlement.

^{P}B4,1 Income Level of Recipients

This variable is self-explanatory.

^{P}B4,2 Previous Educational Attainment Level

This variable is important in recurrent education finance, but not in traditional postsecondary education finance. The reason for this is that in typical scholarship programs for youth postsecondary education finance the assumption is that all individuals have the same previous educational attainment and, therefore, this variable is meaningless. However, when considering adults, this variable becomes crucial. Whether or not previous educational attainment is taken into consideration will determine in substantial measure how resources are allocated over the potential population, and that allocation in turn has profound consequences for both equity (as described earlier) and for overall social efficiency in terms of the benefits from additional education at the margin to various groups in the society. Moreover, it is a crucial variable if social policy is to ensure that those adults who need help the most will receive it first.

^{P}B4,3 Age of Recipients

This variable is self-explanatory.

^{P}B4,4 Type of Education Supported

This variable describes the extent to which resources are distributed for a totally discretionary broad range of general interest education at one extreme or, at the other extreme, limited to specifically occupation-related education in certain areas of manpower-skill need. The reason this variable is important is that if social policy is to target support first on those clienteles which can most effectively use and most need additional education as a vehicle for socioeconomic and employment advancement, then some public policy decision will have to be made regarding how the resources will be distributed. Obviously, resources made available to upper-middle class adults to pursue recreational education through governmental entitlements are resources which would not be available to the government to spend for the skill upgrading of socially dependent classes (cf. ^{P}A1,2-3).

^{D}B5 "Fit"

The specific design of public policy initiatives in any field requires consideration of the extent to which a particular proposal is designed to play to the existing structure, strengths and mode of operation of a given area of social activity, versus the extent to which it is specifically a reform proposal, the purpose of which is to significantly alter the basic operating premises of that social activity. In the case of educational entitlement, this question of "fit" becomes a crucial design dimension. The differences between alternative entitlement proposals in terms of the extent to which they are specifically designed either to solve the limited problem of providing increased access for adults, or the extent to which they are designed to reform American postsecondary education finance has been mentioned earlier. Analysis of different proposals along this dimension focuses attention specifically on that issue, so that distinctions can be made between those proposals which fall into each category.

$P_{B5,1}$ Recognition of Unique Characteristics of the American Recurrent Education System

The system of recurrent education in America at present is significantly different from, and operates on, dramatically different assumptions than the other two systems of education (elementary-secondary and postsecondary). These three "systems" of education have fundamentally different characteristics in terms of their financial base, their degree of consumer centeredness and consumer responsiveness, their governance, etc. Recurrent adult and continuing education in America is therefore an activity which is unique and distinct from the system of traditional postsecondary education, and it requires uniquely tailored public policies. This parameter will describe the differences between alternative proposals in this regard.

$P_{B5,2}$ Degree of Fostering of "Learning Market" Character of American Recurrent Education*

This variable will describe the extent to which specific approaches are "tuned" to the current operating characteristics and assumptions of the recurrent education system, and the extent to which the design will enhance the "market responsiveness" of that system to adult needs.

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*The author has developed the term "learning market" elsewhere (see e.g. Nolfi, 1975a) to describe the diverse and complex system of interaction between various providers and consumers of recurrent education services.

^{D}B6 Accountability

In the current recurrent education system in America, accountability is built-in, due to the fact that individual purchasers of services will stop purchasing those services if the services do not meet their needs, since they are spending their own funds. This is true whether the purchasers are individuals, or, as in many cases, employers. However, when public subsidy enters the picture, the problem of accountability becomes more subtle and more complex. An individual spending his or her educational entitlement feels less directly, and in less-personal terms, the fact that value purchase may be less than expected. Hence, if public funds are to be invested wisely in recurrent education entitlement, then entitlement designs must be carefully evaluated in terms of the accountability they provide.

^{P}B6,1 Extent to which Accountability on the Part of Diverse Providers of Educational Services Is Encouraged

Designs will have a differential impact on the pressures for accountability to the public at large for the use of public funds. Accountability to the individual consumer spending his or her own entitlement is built-in.

^{P}B6,2 Extent of Self-Regulation of Instructional Charges

Depending on how entitlement programs are designed, they may encourage or discourage providers of educational services to raise their tuitions. Self-regulating characteristics can be built into the system and, in many cases, follow automatically from other characteristics of the design. For example, universal entitlements provide no such self-regulating mechanism and will tend to place an upward pressure on prices charged by providers of instructional services. Selective entitlements on the other hand will not create this upward pressure since providers of educational services will still have to compete in the marketplace for individuals who are paying their own way or who are subsidized by employers.

$^{P}B6,3$ Legislative Fiscal Control

This variable describes the extent to which a particular design permits explicit fiscal controls to legislative appropriations versus a design in which the open-ended provisions make it impossible to control or budget total costs in advance.

3. INNOVATION/DIVERSITY

An important characteristic of the recurrent education system in America is its great diversity. This diversity is manifested in many ways. There are a variety of providers of educational services, and the types of educational services provided vary much more widely along more dimensions than the array of services offered by traditional postsecondary education. Moreover, a great deal of innovation spontaneously takes place in the recurrent education system. Much of this innovation is less visible to the higher education community than innovation in traditional higher education institutions, but it is no less significant. Employers, industrial corporations, unions, proprietary school and the continuing education and extension divisions of traditional colleges and universities have demonstrated over the years a marked ability to adapt new approaches and techniques in subject matters to serve the needs of their clients. Any public policy of educational entitlement must seriously consider how this pattern of diversity and innovative responsiveness to adult educational needs will be affected. In analyzing the impact of potential proposals in this regard, it is useful to think in terms of three dimensions discussed below.

$^{D}C1$ Flexibility/Adjustability

The parameters describing this dimension permit an analysis of alternative proposals in terms of the extent to which they are easily adjusted to accommodate the changing policy priorities over a period of time. The most desirable sort of design is one in which a variety of aspects of the design are changeable over a continuous range so that legislative and executive branches of government can quite precisely manage the program.

Another aspect of flexibility and adjustability is the particular manner in which the entitlement award is made available to the recipient. For example, it is important to note that the term "entitlement" and "voucher" are not necessarily synonomous. A voucher is a mechanism whereby a recipient of an entitlement obtains that entitlement in a form such that he can "negotiate" for its use among alternative eligible providers. In contrast, for example, low tuition at a public institution is a form of entitlement, but it is not in the form of a voucher. Hence, different entitlement programs can differ very dramatically in the extent to which that entitlement is offered with the flexibility of a voucher or whether it is offered in other less-flexible modes.

^{P}Cl,1 Extent of Graduated Selectivity

The selectivity criteria discussed earlier, and other criteria which focus and target entitlement awards, can obviously be applied in a highly rigid or in a graduated fashion. Often in public entitlement programs in fields other than education, there is an arbitrary cutoff where everyone up to a certain level is eligible for an award of a certain size, and beyond that level (for example with income) a person receives nothing. Such an approach to educational entitlement would be a crude one at best. Other than having a simple arbitrary cutoff and flat amount entitlement awards, a more desirable approach is to have a mechanism whereby the award amount can be rather specifically graduated along a series of selectivity parameters. As for comparing recurrent education entitlement proposals, it is crucial to compare them in terms of this variable.

^{P}Cl,2 Administrative Adjustability

This variable describes the extent to which a particular entitlement design can be "tuned" by marginal adjustments in administrative procedures and details to achieve slight variations in outcomes as a function of political/administrative decisions versus the extent to which the major aspects of outcomes are much less subject to minor adjustment by administrative approaches.

^{D}C2 Consumer-Centeredness

The traditional system of American postsecondary education is largely producer-centered. It is the providers of educational services which exercise almost complete control over what is provided, how, when, and where. By contrast, the existing American system of recurrent education is highly consumer-centered, and the pattern of responsiveness on the part of providers of educational services to diverse consumer needs is markedly different as a result. Hence, as public policy of educational entitlement is formulated, attention should be paid to this factor.

^{P}C2,1 Extent of Recipient Self-Determination Over Educational Choices

The terms access and choice are distinguished in the literature on education finance, because it is obviously possible to provide the former without providing the latter. The former implies access to some institutional program of a certain type, whereas the latter means that the individual truly has a choice of more diverse providers of a given educational service. Because recurrent education services are provided in such diverse settings, and because adults often have quite specific needs, the factor of choice is very important. This variable will, therefore, describe the variation between proposals in terms of the extent to which the particular design provides entitlements in a manner which maximizes the self-determination of the recipients and their options for choice.

^{P}C2,2 Provision of Institutional Incentives

This variable will describe the extent to which different designs provide incentives for providers of educational services to respond to the needs of unserved adult clientele through program adaptation and/or new undertakings. Instructional characteristics of the way in which the entitlement awards are made, size and pattern of awards, eligible institutions, etc., obviously all affect this general pattern of incentives and in comparative measure will be provided through this variable.

D_{C3} Breadth of Conception of Legitimate Recurrent Education

Entitlement proposals may vary at one extreme from considering only traditional college credit instruction as being "legitimate" to, at the other extreme, covering a wide range of types of instruction which goes far beyond traditional, accredited postsecondary institutions. Precisely because American recurrent education is so diverse, and because adult needs are so diverse, this is an important design dimension. The problem is a complicated one, however, since if a broad conception of legitimate learning opportunities upon which entitlements can be expended is adopted, then a procedure must be adopted for determining eligibility of programs which are not within the normal range of traditional educational accreditation or eligibility for Federal student aid programs.

$P_{C3,1}$ Range of Educational Experiences on which Entitlements can be Spent

This variable is self-explanatory.

$P_{C3,2}$ Effectiveness of Mechanism for Assessing Program Eligibility for Entitlement Expenditures

This variable will deal with the adequacy of a given proposal in terms of the administrative requirements for determining program eligibility if a broad conception of educational experiences for entitlement expenditure is adopted.

4. FEASIBILITY AND IMPLEMENTABILITY

Existing educational entitlement proposals vary widely in the degree to which they are theoretical constructions or detailed, worked out plans for possible implementation. Needless to say, as alternative policies for implementation are considered, this difference is crucial. What looks good in theory may prove extremely difficult in practice. Similarly, some aspects of a particular proposal which lack theoretical elegance may in fact be exactly what is needed in order to make political implementation and management of the program feasible. Hence, concern with the design dimensions which affect feasibility and implementability is of major importance.

D_{D1} Administrative Simplicity

This dimension of comparison permits an assessment of the relative administrative difficulties in implementing certain programs. This is particularly important since administrative difficulty will almost certainly be reflected in higher administrative costs.

$P_{D1,1}$ Simplicity of Administrative Requirements

This variable will describe the relative complexity of administration required. For example, the problem of eligibility verification can be handled in a variety of ways. The administratively complex, advanced need analysis approaches now used in postsecondary student aid programs are much less feasible in the case of adult educational entitlement. This variable will help to directly compare the administrative/bureaucratic and cost requirements of implementing alternative designs.

$P_{D1,2}$ Method of Controlling Potential Misuse and Cheating

Potential misuse of entitlements or potential misrepresentation of eligibility to obtain entitlements must be controlled in any design. Again, like the problem of eligibility determination, this can become a horrendous bureaucratic problem draining resources and vitality from the program. Different plans propose different ways of dealing with this problem and many of these existing proposals do not even consider the problem. Hence, this variable will permit such a comparative analysis of proposals.

$P_{D1,3}$ Extent of Self Determination of Eligibility

Eligibility determination has been discussed in P_{D1} above. In this variable, we are more specifically concerned with comparing proposals in terms of the self-administering characteristics of their design. If an entitlement program can be designed such that several aspects (for example, eligibility determination of whether a particular course or program is eligible for expenditure of entitlement funds, and so on) can be done by the individual recipient, then large costs of bureaucracy for administration can be avoided.

^{P}D1,4 Administrative Simplicity of Application of Other Selectivity Provisions

The selectivity provision of financial need has been discussed earlier. In this case, this variable addresses the same considerations with respect to other selectivity provisions. Depending upon the particular proposal, the variable may aggregate into more than one variable.

^{D}D2 Implementation Characteristics

Alternatives to entitlement proposals should be compared in terms of the implementation requirements associated with them. Certain proposals may be theoretically striking; however, on analysis they may be revealed to be extraordinarily difficult to implement.

^{P}D2,1 Implementability without Substantially Altering Basic Higher Education and Recurrent Education Finance Patterns

This variable will permit distinctions to be drawn between different entitlement proposals which have substantially different requirements in relation to current patterns of higher education and recurrent education finance. Proposals may or may not require a significant reform in higher education finance, and this will obviously be a major factor in ultimate implementability. This variable is related to the discussion of "fit" presented earlier (^{D}B5).

^{P}D2,2 National and State Implementability

This variable will describe the extent to which alternative designs are implementable at both national and state levels. It is unclear whether educational entitlement approaches are best implemented at national or state levels. The adaptibility of designs should be examined.

$P_{D2,3}$ Pilot Testability

This variable permits a comparison of alternative proposals in terms of the ease with which they can be pilot tested on a manageable scale before major full-scale enactment has to take place. Such pilot testing may prove necessary and desirable before programs can be finally enacted in this country.

Use of the Framework

As indicated at the beginning, in the next, the second stage of the analysis, the analytical framework presented here will be used to compare different entitlement proposals which have been advanced. The first step in the analysis will be to determine whether or not each proposal being considered covers all of the design dimensions and parameters. Significant inadequacies and omissions will become evident, thus identifying where additional developmental effort has to go into each proposal in order to advance the general debate. Then comparative analysis of several proposals will help reveal the strengths and weaknesses of various options in addressing the policy concerns which are the keystones in the analytical framework.

The reader is reminded that the purpose of laying out this conceptual framework has been deliberately to create a "bed of nails" against which individual entitlement proposals can be critically examined. It is only through such a critical comparative analysis that the advantages and disadvantages of particular solutions to particular problems presented in particular designs can be compared.

In the modeling and computer simulation phase, the third stage of the analysis, the problem of quantifying the various variables will be addressed so that a model can be designed and the large-scale implications of the operation of various plans can be simulated, both as they were originally designed and under a series of assumptions about changes in some of the variables of particular designs.

To analyze the implications of the different proposals, several possible expenditure levels will be assumed and the implications of the various specific design proposals determined. Through the analysis, it should be possible to answer specific questions such as the following:

1. How many persons, with what characteristics, will be served given the specific design of an entitlement proposal and a fixed budget level?

2. What exactly are the administrative requirements and costs to implement the program at each budget level?

3. What public and social priorities or problems are impacted or addressed by the specific proposal? What problems are in fact solved or not solved, or at least to what types of problems is the specific design at that budget level responsive? The types of social problems to be treated here include the questions of unemployment, manpower skills, social dependency, access, social well-being, human growth, etc.

4. What will be the effect of the implementation of the program at the proposed budget level on existing private investments in educational entitlement?

5. What is the effect of the particular program on the effective utilization of the educational resources which exists in the variety of public and private providers of educational services?

6. What is the effect of the proposal at those budget levels on the restructuring of postsecondary education and finance?

7. What complementary activities are needed in order to permit effective implementation of the particular entitlement design at the given budget levels?

8. What is the degree of consumer centeredness of the proposal?

V--THE GI BILL: AN EDUCATION ENTITLEMENT

By

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Introduction

In the analysis of a possible national education entitlement for lifelong learning, existing entitlement programs should contain useful lessons.

Of all such programs, the GI Bill, at first glance, would appear to be the most obvious one for consideration, since it has been in continuous existence since 1944; and it is a Federal program. Because of its duration, it should yield historical data as to the performance of the program vis-a-vis its announced goals, and being Federal, dovetails nicely with the emerging recognition of the Federal government as a necessary leading partner in a national education entitlement program.

In actuality, the GI Bill does not lend itself as naturally as one might have anticipated. A major criticism of the Veterans Administration was the distinct lack of information-gathering and program analysis undertaken by the VA. For the purposes of this review, this shortcoming proved frustrating, as a detailed composite of the performance of the program throughout its history is not available. This paper relies on two secondary sources for much of the information used: a report prepared by the Educational Testing Service for the Veterans Administration in 1973, and a background paper prepared by the Congressional Research Service which specifically examines the education and training benefits provisions of the GI Bill.

Secondly, while there is little question that the GI Bill has been a success, administration at the Federal level has not been without its problems. Importantly, though, the difficulties encountered by the VA allow for some informed judgments about what to expect in the implementation of a more broadly based, national education entitlement system. In this latter sense, the review of the GI Bill has identified some useful lessons for future entitlements.

This paper does not attempt to undertake a complete program review of the GI Bill. Rather, it looks somewhat narrowly at the administrative and operational activities of the VA and identifies particular facets of the program that have applicability to a more general system of education entitlement. The closing section offers some suggestions as to how we might best adapt the lessons of the GI Bill to the implementation of a broader education entitlement.

Enabling Legislation and Rationale

The Servicemen's Readjustment Act of 1944 (PL 78-346) began a new chapter in the long history of assistance provided to veterans of the armed services. Prior to World War II, assistance to veterans was limited to income support and health care for disabled veterans, indigent servicemen and their survivors (Rashkow, 1975, p. 1). The 1944 legislation (commonly referred to as the GI Bill) made available to veterans, for the first time, substantial assistance for education and training.

Towards the close of World War II it was recognized that nearly 15 million veterans would be returning to civilian life after the end of hostilities. There was a pressing need to modify this transition, as best estimates projected that some 8 to 9 million veterans would not be easily absorbed into an economy that was winding down from wartime activity. Multiple motivations existed supporting passage of the GI Bill in 1944. Its acknowledged purpose was not only to compensate veterans whose normal civilian life patterns had been disrupted but to significantly aid the economic conversion from wartime to peacetime. Thus was the "debt of gratitude owed the veterans" coupled with "the belief that the national interest required larger numbers of college trained people" (Rashkow, 1975, p. 2).

While the educational assistance provisions of the 1944 GI Bill attracted some noted critics (e.g., Robert M. Hutchins of the University of Chicago and Seymour Harris of Harvard University), it was an immediately popular program which was passed unanimously by the Senate. The members of both houses of Congress have generally supported educational benefits for returning servicemen since the passage of the initial GI Bill. Modifications of the statute have been effected during the last 30 years, but the underlying rationale for continued GI Bills has remained largely stable. Three successive bills amending the original act have extended benefits to veterans of the Korean Conflict, the Vietnam Era, and the "Cold War" period.

Eligibility for veterans' education benefits under provisions of the 1944 legislation was limited to those servicemen who began their tours of duty prior to June 25, 1947. Those serving between 1947 and 1952 were not eligible for readjustment benefits. The Korean Conflict legislation (PL 82-550), passed in 1952, extended readjustment benefits (including education provisions) to those who served between 1952 and 1955.

In 1966 the Cold War GI Bill (PL 89-358) was enacted, extending benefits to all those who had served since the close of the Korean Conflict and were not eligible under prior laws. Some difficulty was encountered in gathering sufficient support for this particular extension of veterans' benefits. Critics argued that readjustment benefits should be restricted only to those servicemen who had served during wartime. One justification advanced by supporters of PL 89-358 was the Selective Service System (the draft). The presence of the draft, it was argued, indicated conditions which were other than peacetime and effectively disrupted civilian career patterns (Rashkow, 1975, p. 19). This rationale, in combination with new support from the American Legion, proved persuasive and the Cold War GI Bill was passed in 1966.

In 1972 Congress adopted the Vietnam Era Veterans' Readjustment Act (PL 93-205). This statute provided benefits for eligible veterans serving after 1972 and boosted benefits already available under provisions of the 1966 law. The intent and philosophy of the latest GI Bill--to help in the readjustment of veterans to civilian life, to provide some compensation for career disruption and to make available assistance for educational purposes--paralleled its earlier counterparts. Additionally, the Vietnam Era legislation viewed veterans benefits as a recruiting inducement.

Veteran Population

Because of variations in the guidelines determining eligibility for post-service education assistance benefits, it is difficult to construct a detailed profile of the "average" veteran availing himself of the opportunity. It is, however, possible to identify some general trends with respect to the utilization of education benefits administered by the VA.

Most significant is the growth in participation among veterans, with the single exception of those who served during the Korean Conflict. Otherwise this trend has been constant, with the percentage of use of education benefits rising from 50.5 percent of World War II veterans to greater than 58 percent of eligible Vietnam veterans. A partial explanation of growing participation among veterans is the decreased age of veterans since World War II. Veterans of both the Korean Conflict and the Vietnam era were younger than their World War II counterparts, and belonged to an age cohort more inclined to pursue further education upon discharge (i.e., 18 to 30 years of age). The lag in participation following the Korean Conflict is difficult to explain. Contributing factors may have included: (1) the unfavorable publicity which followed reports of flagrant abuses of the GI Bill (1946-50) and the initiation of stiffer requirements for institutional eligibility, and (2) the failure of Congress to provide inflation adjustments in the subsistence payment schedules to veterans.

Two additional significant trends have emerged concerning veteran utilization of education benefits: (1) the percentage of veterans attending institutions of higher education (college level) has shown steady growth, and (2) veteran enrollment in private institutions has declined in roughly the same proportion as "all students." Correspondingly, attendance at public institutions has experienced marked growth.

Also the "cost per veteran" under GI Bill education provisions has increased from approximately $1580 per World War II veteran to about $2580 per post-Korea veteran. This results from Congressionally approved increases in subsistence benefit payments to veterans. Upward adjustments have been responses to generally higher costs of living and an attempt to maintain education benefits for veterans at an attractive level for recruitment purposes.

Since its inception, nearly 16 million veterans have received education benefits under the GI Bill. The total cost (as of 1973) amounted to over $33 billion. Veterans today are younger than previously, belong to an age cohort more apt to participate in post-service education programs, and are increasingly likely to attend public institutions of higher education over private ones.

Administration and Eligibility

The GI Bill of 1944 provided one year of education or training plus one month of entitlement for each month of active duty up to a maximum of 48 months. Education or training programs had to be undertaken not later than four years after the date of discharge, or prior to July 26, 1951, whichever was later. Eligibility for education benefits for World War II veterans expired on July 26, 1956.

The Korean Conflict legislation provided education benefits at the rate of one and one-half times active duty up to a maximum of 36 months. The Cold War bill provided the same basic entitlement rate, but provided the maximum of 36 months after only 18 months of active service. The 1966 legislation embodied two additional provisions: (1) rendered servicemen eligible to use their benefits while still in active service, after serving only 181 days, and (2) allowed veterans to undertake required remedial or deficiency programs without using any of the basic entitlement. Under the latter provision, a veteran may use his or her benefits to finish high school without any loss of the basic entitlement (U.S. Congress, House, Committee on Veterans' Affairs, 1973, p. 22).

Provisions of all veterans' education and training benefits require that veterans enroll in approved courses of instruction. Under the original act of 1944, avocational courses were permitted. These courses were disallowed under subsequent legislation. Originally, the Korean GI Bill required that a veteran complete his education and training within eight years of the discharge date. This requirement was amended in 1974 and the eight-year limitation was increased to ten years. (This ten-year limitation excludes any time spent as a prisoner of war or any time spent hospitalized immediately subsequent to release from service) (Rashkow, 1975, p. 12).

A major change from the 1944 GI Bill was effected in the 1952 legislation.

> Under the original program of 1944, a veteran's full school costs, including tuition, fees, books and supplies, were paid directly by the Veterans Administration up to a maximum of $500 per school year. In addition, veterans received a monthly subsistence allowance of $50 which was later increased to $65 in 1946 and $75 in 1948 (U.S. Congress, House, Committee on Veterans Affairs, 1973, p. 22).

Under provisions of the 1952 statute and later GI Bills, direct payment of education costs to institutions by the VA was eliminated. Rather, the VA pays to the veteran an "education assistance" allowance which is designed to cover in part both his or her living expenses and his and her education costs (U.S. Congress, House, Committee on Veterans Affairs, 1973, p. 23). In 1952 a single veteran's allowance was $110. The 1966 legislation provided for periodic upward adjustments in the education assistance allowance and in 1973 the monthly amount was $220 for a single veteran (no dependents) (U.S. Congress, House, Committee on Veterans Affairs, 1973, p. 23).

Guidelines governing the approval of on-the-job programs, correspondence courses and farm training have undergone several revisions. Specific courses, such as bartending, are categorically excluded from approval. Other, such as sales management, need special approval by the VAS(Rashkow, 1975, p. 9). Appendix A shows a more detailed comparison of the various bills (In Appendix A, "Post Korean" represents both the 1966 legislation and the 1972 bill.)

Administrative Practices and Problems

As highlighted in the Educational Testing Service's Report, Educational Assistance Programs for Veterans (1973), there have been serious problems in the administration of the GI Bill. The main factors causing these problems were: (1) a vacillating internal structure in the VA, and (2) legislative directives from Congress.

No fewer than three organizational models governing the operations of the VA are identified by the ETS study: functional, geographic and product-line. Between 1953 and 1973, the VA experimented with a variety of organizational formats which, while not precisely representative of particular models, were variations on one or another of them (U.S. Congress, House, Committee on Veterans' Affairs, 1973, pp. 250-253). While different procedures and processes were instituted in response to shifting demands, the inability of the agency to identify and implement a satisfactory administrative plan must be considered a shortcoming, albeit an understandable one. The ETS report summarizes (U.S. Congress, House, Committee on Veterans' Affairs, 1973, p. 254):

> The organizational changes which have affected the education components of the VA over the years can be seen as a series of consolidations, separations and transfers of functions, creation and elimination of positions, and returns to previous structures. . . This history suggests that as legislation and policy have changed so has the organization; and the resulting lack of basic organizational and administrative continuity may explain in part some of the administrative problems which have persisted over the years.

One may conclude that the VA sacrificed organizational stability in favor of being responsive to legislative revisions. In considering the design of a more general education entitlement program, it will be useful to tailor the implementing agency's structure to the requisites of the enabling legislation. With the VA as case in point, responsiveness has its limits; some organizational continuity is necessary.

Since it began making direct subsidy payments to veterans, as provided in the 1952 legislation, the single most frequently registered complaint against the VA concerns late payments of benefits due. (Eighty-five percent of all complaints involve this matter) (U.S. Congress, House, Committee on Veterans' Affairs, 1973, p. 258). The practical problems attendant on the identification of persons eligible for education benefits are indeed complex. Despite efforts to rectify these problems, the VA continues to encounter difficulties.

In considering the formulation of more broadly based entitlement programs, these seemingly routine aspects of distributive programs should not be viewed lightly. Care will need to be taken to devise future entitlements with the "fewest moving parts" in order to insure effective implementation.

Numerous changes in and amendments to the original GI Bill have complicated the task of administering the education benefits program for veterans.

> The original GI Bill (PL 346) was drafted and passed with the purpose of rewarding veterans, easing an anticipated post-war unemployment crisis, and rectifying a depletion of educated citizens in the nation. (U.S. Congress, House, Committee on Veterans' Affairs, 1973, p. 246).

Emphasis in the initial GI Bill was placed upon compensation for the veterans and effecting the necessary legislation to do so. For various reasons, insufficient forethought was devoted to anticipating the sorts of problems that might--and did--arise. As Keith Olson points out, Congress originally neither gave the VA authority to supervise education nor did it bother to delineate procedural guidelines for administration of the program. Consequently, graft, waste and inefficiency were not uncommon (Olson, 1974, p. 64). Lack of definitional guidelines concerning training programs, vocational courses and on-the-job programs gave rise to schools solely interested in courting veterans' dollars. According to the ETS study, the majority of abuses were committed by profit-making institutions. Recurrent abuses included: inaccuracies in cost and attendance data, excessive payments for subsistence, establishment of dummy corporations, duplication in the issuance of supplies, promotional schemes to inflate enrollments and profiteering (U.S. Congress, House, Committee on Veterans' Affairs, 1973, p. 277).

GI Bills subsequent to the original act contained measures to reduce inefficiences and waste and curtail the emergence of "fly-by-night" schools which had received substantial amounts of veterans' education benefits under provisions of the 1944 law. Major steps taken in response to fraud and program abuses included: (1) allowing the State Approving Agencies* the authority to deny approved status to institutions not meeting minimum requirements, effectively rendering those institutions ineligible to receive education subsidies; and (2) providing in the 1952 legislation for payment of tuition subsidies directly to veterans, rather than to institutions. This latter step was taken as a means of reducing excessive profiteering, much of which resulted from overcharging by institutions. Direct payments to veterans placed funds in the hands of the users and is significant in this respect. Direct payment to veterans continues as an integral aspect of the entitlement program.

Along with programmatic safeguards, subsequent GI Bills (1952, 1966, 1972) have amended the original law to provide for extension of benefits for educational training during time in service, to include vocational and technical schools as "authorized" higher education institutions, to increase subsistence and tuition payments, and to make adjustments for inflation. These additions, combined with initial provisions, make the GI Bill a more serviceable but complex entitlement program.

The GI Bill was an uneven mixture of Federal, state, institutional and individual responsibility. Congress, the VA, state agencies, educational institutions and individual veterans have had an impact on the effectiveness of the program. Each participant has varying priorities with regard to problems and remedies and, as might be anticipated, the degree of cooperation fluctuates widely among participants (Olson, 1974, p. 61). Additionally, the VA has been slow to establish meaningful relationships with other state and Federal agencies dealing in related areas. This limited information exchange has seriously diminished the quantity and specificity of data generated about the GI Bill.

The ETS study, in particular, recognized the complexity of the VA's administrative responsibilities. The VA does much more than distribute education benefits to veterans--it supervises insurance plans for veterans, administers the veterans' Home Loan Guaranty Program and manages the compensatory benefits to disabled veterans programs (Olson, 1974, p. 59). The housing of these wide-ranging functions under a single administrative roof detract from the effective management of the education entitlement program. (By way of comparison, the Home Loan Guaranty Program has loaned in excess of $103 billion over its lifetime; in a similar period, the GI Bill represents some $33 billion in outlays.)

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*These agencies are designated by the governor of each state. They may be existing agencies or newly appointed to serve this function.

The ETS report strongly recommended that the VA adopt improved methods for data collection and program analysis. While recognizing the agency's desire to serve veterans and not become statistics mongers, ETS emphasized the utility of undertaking such activities. Information gathering and analysis are, of course, vital in identifying problem areas requiring administrative adjustments.

Mindful of the VA experience, it seems essential that any national education entitlement scheme be mandated as specifically as possible and administered by an agency aware of the difficulties inherent in distributive programs. Optimally, an entitlement program would be the sole function of an agency, or alternatively, a distinct area of responsibility lodged within a larger organization. Appropriate methods of evaluating "effectiveness" or "performance" of any entitlement program should be carefully explored prior to implementation.

Recent Administrative Difficulties

In 1975 and 1976, there were alleged fraudulent payments by the VA to unqualified veterans. Subsequently, a number of instances of abuse by individuals were verified. As the nature of the GI Bill has changed, so too has the complexion of abuses. Current reports indicate individuals are the chief perpetrators of fraud, whereas initially the "abusers" were educational institutions.

A frequently cited abuse--and one the VA has acted to rectify--is the payment of education benefits to veterans who do not complete courses in which they enroll. In one instance, a two-year institution discovered that fully 16 percent of its veteran enrollment was receiving benefit checks while not finishing a single course during the semester being audited (Becker, 1975, p. 1). Other abuses, similar in nature, have been reported. Indeed, the VA frankly admits that it cannot accurately assess the prevalence of willful failure to report changes in educational status on the part of veterans. Officials estimate that between $80 and $130 million may have been overpaid in 1974, about 1.5 percent of all education benefits disbursed in that year (Becker, 1975, p. 1).

The VA has issued new regulations aimed at maintaining closer scrutiny over veterans enrolled in approved programs of study ("Further Changes in Student Rules Agreed to by VA," 1976, pp. 2-3). Formulated in cooperation with institutional representatives, these rules rely upon improved reporting procedures by the institutions to remedy much of the current problem. Basically, the guidelines require that the VA be informed periodically on the progress and attendance of enrolled veterans. Towards this end, institutions are to maintain "a policy relative to standards of conduct and progress required of the student. . .specific enough to determine the point in time when educational benefits should be discontinued." Also, the VA has empowered state-approving agencies to institute "additional reasonable criteria" in order to assess the adequacy of an institution's reporting procedures (Fields, 1975, p. 9). (It should be noted that many college and university representatives were very disturbed by the VA's issuance of additional paperwork procedures. They viewed this quite clearly as governmental intrusion. While maintaining the essentials of an improved reporting system, the VA did modify its initial stance to allay institutional fears.)

At issue is a two-fold problem: the seemingly ubiquitous one of reporting, bookkeeping and paperwork that accompanies a distributive program; and, the necessity of striking a delicate balance between the gathering of essential data and not "intruding" into the affairs of participating institutions. No broad entitlement program is exempt from these dilemmas. And, obviously, reports of overpayments or other fraud may seriously erode public confidence and support--a confidence that would be essential to the successful implementation of a national education entitlement program.

Both Nolfi (1975d) and Honey and Hartle (1975) stressed the need for simplicity in construction of a national entitlement scheme. The recent history of the VA suggests that the notion of simplicity is worthy of reiteration, as any national education entitlement program could conceivably entail administrative complexities severalfold the magnitude of the existing GI Bill.

Termination of the GI Bill

Cessation of American military involvement in Vietnam and the transition to an all-volunteer armed forces were events that fueled arguments favoring the termination of readjustments benefits for veterans. In May 1975, President Ford officially proposed terminating the eligibility period for education and training benefits. Despite considerable legislative debate, Congress has not approved such a termination. However, it seems probable that the GI Bill will be phased out and that termination of eligibility will be approved by Congress. Arguments pro and con regarding termination are reviewed here.

Proponents of termination cite historical precedent as a major argument against continuation: both the World War II and Korean Conflict GI Bills had definite cutoff dates for eligibility. The VA is among those opposing continuation of education and vocational training benefits. In a statement to the House Committee on Veterans' Affairs, the VA's administrator for Veterans' Affairs explained:

> It should be emphasized that the educational assistance programs for World War II and Korean veterans, as well as for those eligible under current law, have all been readjustment programs designed to help veterans to adjust from military to civilian life by affording them monetary aid to obtain an educational status they might normally have aspired to and obtained had they not served their country in wartime or national emergency. It was not contemplated that educational assistance was to be a continuing benefit (Roudebush, 1975, p. 981) (emphasis added).

In addition to these considerations, three points supporting termination are advanced:

1. Since those in the military are there voluntarily, the Federal Government should treat the veteran and non-veteran alike in terms of education.

2. Veterans' educational assistance may not be necessary since, in the absence of a draft, a serviceman can plan ahead for his education career.

3. The Federal Government does not provide education benefits for civil servants who leave other branches of government; therefore, education benefits should not be provided for professional soldiers (Rashkow, 1975, p. 22).

The aforementioned positions are representative of a view that education benefits should go only to those who have served their country, through military service, during specifically designated periods (i.e., wartime, national emergency, draft). Both the Disabled American Veterans and the American Legion adhere to this position. In testimony against enactment of the Cold War GI Bill, the American Legion stated (Rashkow, 1975, p. 22):

> . . .we champion the principle that benefits for wartime veterans be reserved for the veteran who served in a period of hostility, cold war or national emergencies. Any educational and vocational programs that

may be devised for members of the peacetime military establishment should be clearly differentiated from wartime benefits.

While those supporting cutoff of GI Bill education benefits highlight the distinction between wartime and peacetime service, advocates of retaining the GI Bill tend to view the needs of servicemen more universally. Three key considerations of this position are as follows:

1. The need for readjustment assistance has no relation to whether a serviceman has been drafted or enlisted.
2. The World War II and Korean GI Bills were both intended as readjustment assistance. They applied to every person who served, regardless of whether he was inducted or enlisted.
3. Even assuming a serviceman can plan ahead, the non-veteran has a four-year advantage in educational, academic and vocational experience (Rashkow, 1975, p. 23).

A fourth--and persuasive--argument made in support of continuing the GI Bill is its recruitment value. Surveys confirm that an education entitlement which accrues to veterans is a strong inducement to enlist (e.g., a 1974 Army Testing Survey indicates that 25 percent of those tested would not have enlisted without post-service education benefits (Schwab, 1975, pp. 997-998).

The Department of Defense (DOD) and the Veterans of Foreign Wars (VFW) have adopted positions that encourage retention of education provisions of the GI Bills, but under revised formats. In 1966, DOD favored education benefits that did not encourage servicemen to leave the military after earning their entitlement. It supported a program that allowed servicemen to utilize their education and training benefits while still on active duty. (The existing GI Bill incorporates this feature.)

The VFW favors continuation of education and training benefits but as a cost of national security to be borne by DOD. It is opposed to continuation of the present program of education entitlements for veterans.

Very little debate over termination of the GI Bill has centered on the expense of the program. It is estimated that approximately $5 billion will be expended on education and training benefits in FY 1976 (Rashkow, 1975, p. 26). Because of the nature of the entitlement eligibility, termination of the GI Bill requires a phase-out period of ten years. The VA estimates that direct savings in the first five years would be nearly $1.5 billion (Roudebush, 1975, p. 982).

Lessons for Future Entitlements

A conclusion of the report prepared by the Educational Testing Service states that, on the whole, the VA has effectively administered the program of veterans' education and training benefits provided in the GI Bill. Nonetheless, it is clear that the VA has experienced problems. In considering future entitlement programs, three pertinent lessons emerge from the VA's performance. First, the VA has consistently regarded its role as that of the implementor of the GI Bill. It has not perceived itself as evaluator, reviewer or monitor of the program. In this vein, the VA has undertaken few initiatives to collect meaningful data about veteran utilization of benefits, engaged only in nominal exchanges of information with other agencies dealing with related areas and performed very little program analysis and review. The lack of both internal and external assessments makes it difficult to evaluate the results of the education entitlement program and the efficiency with which those results were achieved.

Second, the administration of the veterans' education entitlement program is but a portion of the VA's operations. The VA is charged with administrative responsibility for several other distributive programs. As a result, the veterans' education benefits program could conceivably have received more management attention in an alternative organization setting.

Third, recent administrative difficulties reinforce the inherent shortcomings of distributive programs. In addition to determining the eligibility of participants, accounting for funds and distributing benefits are complex practical problems. These problems must be addressed in designing a more general education entitlement. Administrative viability of any national entitlement program will be largely dependent upon the adequacy of responses to these problems. Suggestions of some initial steps are offered here.

1. The agency or organization charged with responsibility for the implementation of an education entitlement must assume a full complement of executive and administrative functions. Duties may include: identification of eligibles, reporting and clerical procedures, distributions, information exchanges (conceivably a clearinghouse role as well), internal review and external assessment of performance. Evaluation should be based on well-defined measurement of acknowledged and logically

derived criteria. The agency should implement policy, monitor program operation, and evaluate effectiveness of performance. Ideally, the agency will be its own first-line critic. The establishment of and adherence to performance criteria is essential to the ongoing operations of the program.

2. It is of particular importance that the legislative mandate of a more general education entitlement program be as specific and well-delineated as possible. Implementation and oversight of a national entitlement plan will entail operations severalfold the magnitude of those required for similar provisions of the GI Bill. A significant portion of the difficulties encountered by the VA could conceivably have been averted had not the agency been responsible for other programs. Most careful policy and administrative planning should precede the launching of a national education entitlement. Its intent should be as narrowly specific as possible; its procedures as economical as feasible; and its organizational structure as free from competing responsibilities as administrative feasibility and political considerations will allow.

3. Recent administrative difficulties are in part the result of two distinct problems: (a) inefficiency of accounting and clerical procedures, and (b) intentional fraud.

Accurate and efficient collection of essential information is a particular problem for many distributive programs. Such information-gathering may be dismissed as needless "red tape," yet the negative impact on programs of poor data cannot be lightly dismissed. Any administrative agency responsible for a general education entitlement program should be familiar with the experience of large-scale benefit programs and be cognizant of inherent difficulties. Obviously, reporting and auditing functions should be as streamlined as feasible to insure maximum effectiveness.

Willful fraud by recipients or by suppliers of educational services is a second serious problem. Illegalities accompany any program of distributive benefits. These range from simple failure to report change of educational status to well-devised schemes of substantial fraud. The magnitude of illegal activity may be less significant than the detrimental impact it has on the public's perception of the program. The long-run viability of a national education entitlement will rely upon, in part, acceptance and support by the general public. Fraudulent activities may serve to undermine this support.

One final comment concerning the possible termination of the GI Bill is appropriate. In the event of termination, a substantial amount of money ($1.5 billion in the first five years) could conceivably become available for other purposes. It is not clear whether these dollars will be recorded as savings, to be deducted from the cost of Federal activities; transferred to another department (DOD) if the education benefits program is transferred; or utilized for some other, non-entitlement function. This block of funds--it should be underscored--represents a substantial resource that could be employed as initial financing for a general entitlement program.

APPENDIX A

EDUCATIONAL BENEFITS
GI BILL
Chapter 34 USC

	W.W. II	KOREAN CONFLICT	POST KOREAN
1. Basic Law	PL 346, 78th Congress	PL 550, 82nd Congress	PL 358, 89th Congress
2. Effective Date	June 22, 1977	August 20, 1952	June 1, 1966
3. Basic Service Period	Sept. 16, 1940 - July 25, 1947	June 27, 1950 - Jan. 31, 1955	February 1, 1955- open ended
4. Service Requirement			
a. Veteran Minumum unless released for S/C disability	90 days	90 days	181 days
b. Serviceman	not eligible	not eligible	181 days
5. Basic Entitlement	1 year plus active duty time	1 1/2 times active duty time	1 1/2 times active duty time (18 mos. that satisfy active duty requirement earns 36 mos. entitlement)
6. Maximum Basic Entitlement	48 months	36 months	36 mos. plus time to complete high school) or to complete required refresher, remedial or deficiency courses
7. Tutorial Assistance	not provided	not provided	$50 a month $450 maximum

Source: U.S. Congress, House, Committee on Veterans' Affairs. Report of Educational Testing Service, Princeton University, on Educational Assistance Programs for Veterans; September 19, 1973. House committee print 81, 93rd Congress, 1st sess. Washington, D.C.: Government Prining Office, 1973.

Appendix A

EDUCATIONAL BENEFITS
GI Bill

(continued)

		W.W. II	KOREAN CONFLICT	POST KOREAN
8.	Predischarge Education Program (servicemen free entitlement)	not provided	not provided	Regular benefits to complete high school or to complete required refresher, remedial or deficiency courses
9.	Educationally Disadvantaged (veterans-free entitlement)	no free entitlement	no free entitlement	Regular benefits for courses to complete high school or the equivalent or to complete required refresher, remedial or deficiency courses
10.	Commencement Time Limit	4 years after release	3 years after release	None specified
11.	Period of Eligibility	9 years	8 years	8 years
12.	Allowance (see table for complete chart)			
	a. Basic Assistance - Full-time school	$50 - 1944 65 - 1946 75 - 1948	$110	$100 - 6/1/66 130 - 10/1/67 175 - 2/1/70 220 - 10/1/72
	b. Tuition, Fees, Books, and Supplies	Actual up to $500 for ordinary school year	No	No
	c. Statutory Ceiling - allowance plus earnings (monthly)	8/8/46 $175 if no dependents $200 if dependents 4/1/48 $210 if no dependents $270 if one dependent,$290 if 2 or more dependents	Job training only $310	None

Appendix A

EDUCATIONAL BENEFITS
GI Bill

(continued)

	W.W. II	KOREAN CONFLICT	POST KOREAN
13. Vocational Counseling	provided on request	same	same
14. Changes of Program Permitted	before commencement cut-off one optional change to different field other changes with counseling	one change	one optional - additionals with VA counseling
15. Avocational and Recreational Courses	permitted 6/22/44 not permitted 6/30/48	not permitted	not permitted
16. Approval Limitations			
a. Period of operations	none 6/22/44 1 year 8/24/49 with exceptions	2 years, with exceptions	2 years, with exceptions
b. Non-vet enrollment requirement (pvt-non-accredited)	none	15%	15%
c. Job	none 6/22/44 stated in PL 679, 79th Cong. 8/8/46	stated in law	stated in law
17. Elementary and High School			
a. Entitlement Charge	yes	yes	No
b. Full-time	25 clock hours net of instruction	25 clock hours net of instruction	25 clock hours net of instruction -or- 4 units per year
c. Maximum Absence Per Year	30 days	30 days	30 days

Appendix A

EDUCATIONAL BENEFITS
GI Bill

(continued)

		W.W. II	KOREAN CONFLICT	POST KOREAN
18.	Farm	added 9/1/47		10/1/67
	a. Type Program	institutional-on-farm	institutional-on-farm	farm cooperative
	b. Basic Allowance - No dependents	$67.50	$95.00	$105 - 10/1/67 141 - 2/1/70 177 - 10/1/72
	c. Tuition, Fees, Books and Supplies	actual up to $500 for ordinary school year	None	None
	d. Statutory Ceiling	same as 12c	None	None
	e. Statutory Reduction in Allowance	None - (reduced) only as required by statutory ceiling)	Yes - at 4 month intervals	None
	f. Full-time	200 hours classroom instruction 100 hours on-farm instruction per year plus full-time on-farm	Same	12 hours instruction per week effective 10/1/67 10 hours instruction per week effective 10/24/72
	g. Part-time	not permitted	not permitted	3/4 time and 1/2 time
	h. Farm control	required	required	not required (must be engaged in agricultural employment)
	i. Maximum Absences	30 per year	30 per year	30 per year
19.	Job Training			
	a. Basic Allowance No Dependents	$50 - 6/22/44 65 - 1/ 1/46	$70	$ 80 - 10/1/67 108 - 2/1/70 168 - 10/1/72
	b. Cost of Tools Payment	yes (usually limited to $100)	No	No
	c. Statutory Ceiling	same as 12c	$350	None
	d. Statutory Reductions	None (reduced only as required by wage or statutory ceilings)	Yes at 4 month intervals	Yes at 6 month intervals

Appendix A

EDUCATIONAL BENEFITS
GI Bill

(continued)

	W.W. II	KOREAN CONFLICT	POST KOREAN
19. (Continued)			
e. Full-time	36 hours per week	36 hours	30 hours
f. Maximum Absences	30 per year	30 per year	30 per year - 10/1/67 no limit if 120 hours work per month effective 2/1/70
20. Flight			
a. Basic Subsistence Allowance	Same as institutional	None	None
b. Tuition and Fees	Yes - up to 100% with entitlement charge at rate of 1 day for each $2.10 paid	75% with a charge of entitlement at rate of 1 day for each $1.25 paid	90% with entitlement charge at rate of 1 month for payment equal to rates shown in 12a
c. Private Pilot's Course Allowed	Yes	Yes, if it is to be followed by advanced course	No
21. Correspondence			
a. Payment	cost up to $500	cost	cost effective 6-1-66 90% if enrolled after 12/31/72
b. Entitlement Charge	1/4 elapsed time	1/4 elapsed time	1/4 elapsed time - 6/1/66 - 1 month for each payment equal to rates shown in 12a effective 10-1-67
22. College Level			
a. Full-time	12 semester hours	14 semester hours	14 semester hours -or- 12 semester hours if considered full-time by school
b. Statutory Ceiling	Yes - same as 12c above	None	None
c. Absences Permitted	30 days a year	Not limited	Not limited

Appendix A

EDUCATIONAL BENEFITS
GI Bill

(continued)

		W.W. II	KOREAN CONFLICT	POST KOREAN
22.	(Continued)			
	d. Tuition, Fees, Books and Supplies	limited to cost not to exceed $500 per school year unless veteran elected to have additional paid with a charge of 1 day for each additional $2.13 paid.	Not paid	Not paid
	e. Pre-paid	No	No	Yes - Effective 11/1/72
23.	Other Institutional			
	a. Full-time	25 hours per week effective 6/22/44 effective 10/1/50 30 hours of attendance required in shop required courses	25 hours net instruction 30 hours attendance in shop practice courses	25 Hours net of instruction 30 hours of attendance in shop practice course
	b. Statutory Ceiling	Yes - same as 12c	None	None
	c. Absences Permitted	30 days a year	30 days a year	30 days a year
	d. Tuition, Fees, Books and Supplies	Limited to cost not to exceed $500 for ordinary school year unless veteran elected to have additional paid with an additional charge of 1 day for each $2.10 paid	Not paid	Not paid

Appendix A

EDUCATIONAL BENEFITS
GI Bill

(continued)

	W.W. II	KOREAN CONFLICT	POST KOREAN
24. Foreign a. Level	all school levels	institutions of higher learning	institutions of higher learning
b. Payments	same as for U.S.	same as for U.S.	same as for U.S.

VI--MONETARY AND NONMONETARY EFFECTS OF EDUCATION AND THE EDUCATIONAL ENTITLEMENT APPROACH

By

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A consideration of the problems associated with the calculation of the costs and benefits of education can be shown to yield a significant argument for the entitlement approach to educational funding. The calculation of such costs and benefits may be done in terms of three types of effects: (1) explicitly quantifiable effects, (2) effects which are quantifiable by proxy measures, and (3) purely subjective effects. Effects of all three types enter into most private decisions. Subjectively, an individual compares the expected costs and benefits using whatever indicators of effect seem appropriate, and, on the basis of one's own preferences, selects the alternative one perceives as producing the best results.

Public decisions, however, must be made on a more objective basis. Public policymakers cannot take into account directly the kinds of nonmonetary effects used in individual decision making, but must try instead to find a common denominator for comparing all effects. That denominator is usually the monetary value of each effect. To understand how the use of monetary values as a common denominator for economic effects is both valuable and inherently flawed, examples of the aforementioned three categories of costs and benefits will be presented based on the case of higher education. Following this clarification of the monetary versus nonmonetary dichotomy, there will be a discussion of the relevance of these concepts to the educational entitlement approach.

Explicitly Quantifiable Effects

The most easily measured effects of an economic activity are those in which a direct transfer of monies takes place. In the case of higher education, tuition, other fees, travel, and room and board are often cited as obvious costs. The increased earnings of graduates are seen as equally obvious benefits. Since these effects are already in the monetary form, it is all too easy to overlook the difficulties which exist even here. For example, tuition and fees may not cover full costs, even of instruction. One would need to know what tax payments or other burdens (tied to education) the individual may bear which are equally relevant but less apparent as a cost of education. In the case of room and board expenses, the charges should be net of such costs if the person remained a non-student. Similarly, many other "educational" expenses are in fact payments for other services (e.g., health, security, or entertainment) which are consumption items and not directly related to the production of educational outcomes. They may, however, affect the total educational benefit as perceived by the student.

Rate of return analysis has led to many insights related to the possible pitfalls in our measure of increased earnings as a benefit of education. There is even controversy over whether the education-earnings correlation is not a matter of reverse or even nonexistent causality. The present complex debate over screening, veiling, certification and credentialism has raised doubts about the extent to which education produces earnings (Bowman, 1976). As a minimum, estimates of the earnings benefit from education must be controlled for differences in school quality, innate ability and family environment.

An additional problem with the present earnings measure is that it is usually not adjusted for equalizing differences (status, working conditions and other prerequisites) between specific jobs or occupations. Cost-of-living differences also make the purchasing power of any earnings geographically specific. It thus can be seen that even for the "explicitly quantifiable" effects, ease of measurement is more apparent than real.

Effects Quantifiable By Proxy Measure

In most economic exchanges there exist effects which, although not involving an explicit exchange of money, may be evaluated in monetary terms by the use of proxies. An example of the cost side of education would be the earnings foregone by students while in school. No direct financial exchange takes place in this case but the earnings foregone are a very real cost. This point has become an important issue in the financing of secondary and tertiary levels where financial assistance has been increasingly available for the direct costs of education but not for the indirect costs. For example, the failure to provide a prospective student from a low-income home with financing (preferably through loans) of his or her foregone earnings can act as a significant barrier to access.

It was once assumed that foregone earnings in education could be estimated simply through the use of the earnings of the group who did not pursue the next educational step. Thus, the foregone earnings of college students were estimated from the earnings of high school graduates. Attempts have been made to adjust such estimates to take into account the different innate and environmental influences the two groups possess, the idea being that college students--if they had stopped their education at the high schools level--would have earned more than those who actually did stop there. The present consensus among economists is that differential ability and environmental advantages of the college students would not have been so apparent to employers in the first four years of employment that their earnings are likely to be significantly above those of the terminal high school graduate. Richard Freeman's (1976) recent work on the declining relative income advantage of college versus high school graduates is even further support, of course, for the empirical utilization of the high school graduates' earnings as a proxy for the foregone earnings of college students.

Another difficult problem in the estimation of total benefits exists because one must recognize the possibility of different relative preferences by individuals for income in a nonmonetary versus monetary form. Recent efforts by Jencks (1972), Bowles (1972), Gintis (1971), and others, for example, fail to take adequate account of this phenomenon.* The result has been an excessive pessimism about education's potential to determine success. The following is an attempt to clarify this situation.

Figure 1 presents an example of two individuals' preference functions for monetary and nonmonetary forms of earnings. The straight line represents the level of earnings they are capable of receiving and indicates the ability to substitute one dollar of nonmonetary earnings for one dollar of monetary earnings. The indifference curves A and B represent the respective individual's willingness to exchange monetary for nonmonetary earnings at any point. Although the "true" earnings of the two individuals are identical, as shown by being on the same earnings line, their different preferences lead them to accept different forms of payment. Thus, individual A appears to have higher earnings than B when one uses only the monetary form of payment as the earnings measure.

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*Mary Jean Bowman (1976) has produced an excellent clarification of this as well as many of the other confusing areas of debate in the education-earnings controversy. The reader is directed to her work for a more detailed treatment of the issues underlying the present discussion.

Much of the confusion about the education-earnings linkage is better understood (but not totally resolved) by a recognition of this point. The finding that for individuals with identical "ability" and educational attainment there is a positive correlation between family background characteristics and earnings may have several explanations. Assuming a positive connection between earnings and productivity, the background-earnings correlation may represent one or some combination of the following:

(1) The differential creation of productivity characteristics in the home in favor of the well-to-do.

(2) The differential creation of productivity characteristics in schools in favor of the schools attended by economically advantaged children.

(3) The differential preference among children of the advantaged for earnings in a monetary rather than nonmonetary form.

To the extent that the third alternative is relevant, it could be suggested that earnings of formerly disadvantaged individuals be partially inflated so as to improve their comparability with those of formerly advantaged individuals. This adjustment involves a much bolder assumption than that necessary in the foregone earnings example but could be justified on the basis of some additional research findings similar to those of Corcoran, Jencks and Olneck (1976).

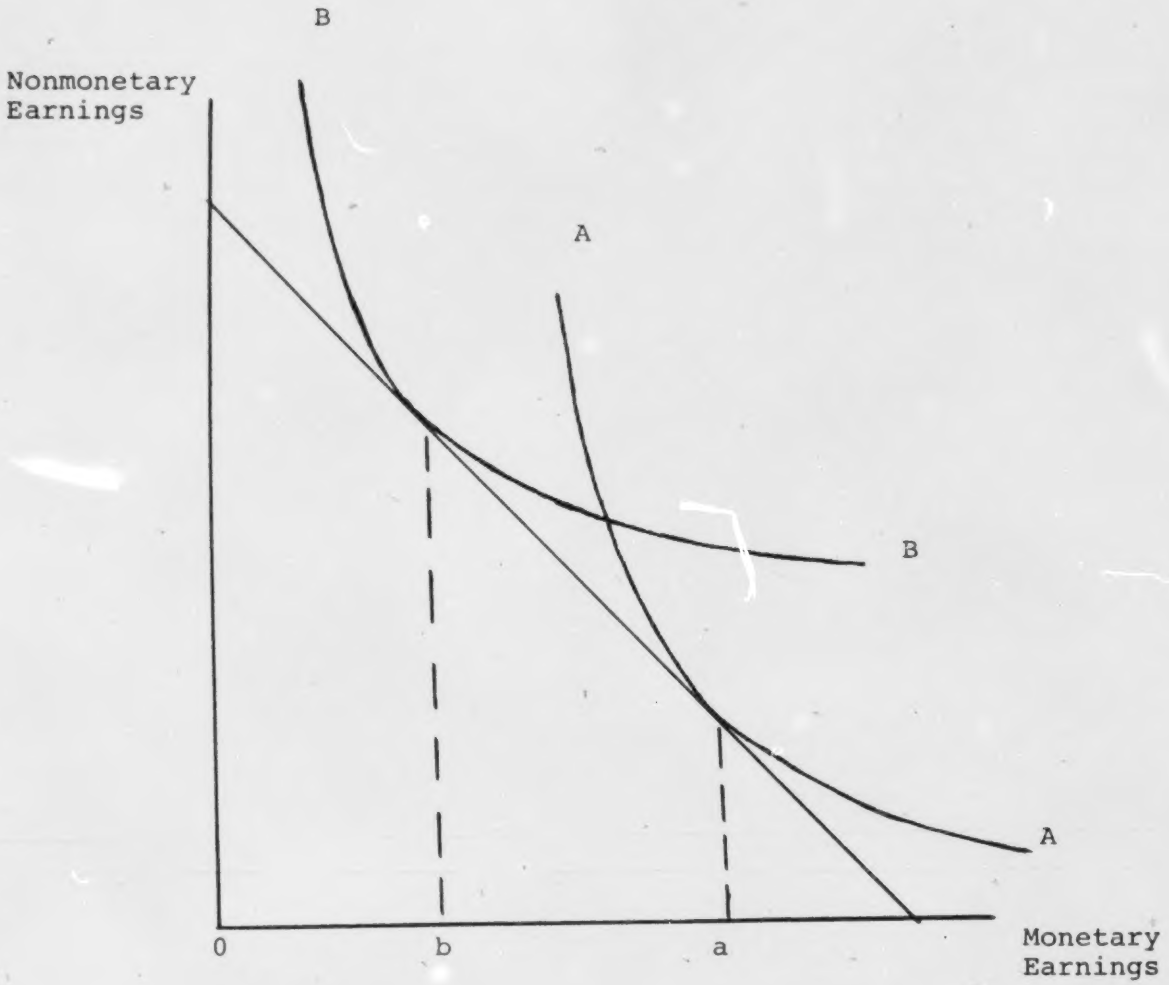
Purely Subjective Effects

The final category of effects is the one with which public policy makers and social scientists must feel least comfortable. As much as some advocates of quantification may resist, there are some economic effects which are simply not quantifiable with reasonable precision. Attempts to quantify such subjective effects are themselves so arbitrary as to confuse rather than enlighten the debate. In education, one such effect is what is called the "psychic cost" of education. In addition to direct cash outlays and the estimates of foregone earnings, one cost of education to any participant is the disutility incurred in the education process itself. An intriguing and imaginative piece by Edward Lazear (1975) suggests that for most participants education exists as a "bad." Unsurprisingly, the better the student the less of a "bad" education appears to be.

Some researchers would assert that even these psychic costs can be approximated through comparisons of rates of return under ceteris paribus conditions (the higher return

FIGURE 1

INDIVIDUAL PREFERENCES AND THE MONETARY/NONMONETARY TRADEOFF


B
Nonmonetary Earnings
A
B
A
0
b
a
Monetary Earnings

representing an offset to the unpalatable nature of the activity). As in all such analysis of residual effects, the result is only a labeling of our ignorance and involves more taxonomy than theory.

On the benefit side of education, we have no easily adaptable technique for estimating interpersonal differences in the utility derived from earnings. Robert Michael (1973, 1975) has greatly advanced the understanding of the relationship between education and patterns of consumption. This work has been interpreted to imply that an additional advantage of education is that it "improves" the educated person's ability to use his or her earnings and thus enhances the utility he or she derives from any given level of earnings. Michael's own view (1973, p. 326) is as follows:

> . . . we observe that, holding total consumption expenditures fixed, differences in the education level of the head of the household are associated with shifts in the composition of the household's consumption bundle . . . in terms of the composition of their expenditures, households with more educated heads behave as if they have more real income.

Michael's work allows one to use certain elasticity estimates to adjust for education's consumption effects of this type. However, this area of research is not yet sufficiently developed so that one could make such adjustments without introducing uncertain and possibly dangerously large biases into the analysis. The interpersonal utility differences would, even with a perfected methodology, only be *better* approximated by such estimates.

Other differences in the household production of goods and services, the handling of assets and the timing of and investment in children are all probably related to education but exist as effects which cannot be readily converted into a common financial denominator. This is especially true if one desires to compare satisfaction derived from each activity.

Yet, all of these effects do have an economic value which would have to be taken into account in any complete cost-benefit analysis.

A special form of type three effect is the often cited externalities associated with education.* An externality exists whenever some part of the utility of one person is determined by an activity which is under the exclusive control of a second individual. Externalities can exist in consumption (individual A's use of a vaccine reduces individual B's chance of infection) or production (firm A's decision to locate near firm B reduces costs for B because now some service can be provided to the two firms at a lower cost than was feasible when only firm B existed). It should be recognized that externalities may be harmful as well as beneficial. Public intervention may be justified in a case where positive or negative externalities are large because of the divergence between private and social net benefits. The individual person or firm makes the consumption/production decision on the basis of private costs and benefits and does not normally consider costs and benefits which accrue to others. The effect is that activities involving positive externalities may be underproduced in terms of the social optimum and those involving negative externalities will be overproduced.

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*Only subjective externalities are relevant here. Externalities may also exist which are of a quantifiable nature.

The question of the externalities of education is certain to arise as a result of any discussion of the general subsidization of educational programs. This can be dealt with at several levels. First, the existence of positive externalities remains exceedingly uncertain. Hansen and Weisbrod (1970) especially attack the implicit assumption of zero-tuition advocates that these hypothetical externalities equal or exceed the full instructional costs of a college education.

Even if one assumes the existence in education of positive externalities in some form, their inadequate delineation prevents a quantification which could be used as a basis for student subsidies. There is currently no secure way of arriving at a dollar amount which should be paid to the student to reimburse him or her for the stream of net positive externalities he or she will be expected to generate.

Also, no one argues that these benefits are produced only during the years of actual education. Rather, the benefits are assumed to accrue over a lifetime. It would seem more appropriate to determine the potential activities of the educated individual which are socially beneficial and incorporate the assumed value of these benefits into the remuneration for such activities.

Finally, economic efficiency does not require that social benefits be internalized unless the failure of society to pay for such benefits will reduce their production. The private benefits of education are such that, even without a subsidy, it may be safely assumed that most individuals, and especially those already economically advantaged, will receive an education and continue to generate the hypothetical externalities. A more detailed discussion of these issues appears in Windham (1976).

The Importance of Nonmonetary Effects

What value is there in the three-way categorization of these educational effects? In the situation of individual decision making such a categorization is, in fact, an indulgence. The individual will make his or her decision based upon his or her perception of the effects with no reason to be biased in favor of monetary over nonmonetary results. Since all effects are evaluated in a personal calculus with a common denominator of subjective utility, there is no serious difficulty in comparing between monetary or nonmonetary effects in any of the forms mentioned above.

Two problems are claimed to exist in individual decision making of this type. The first problem is that individuals may fail to take into account all of the costs and benefits which theory has suggested to the analyst.* An actual respondent may fail to cite foregone earnings or psychic disutility as a cost or the household production advantages as a benefit of education when queried as to his or her educational determinants. This apparent omission is not a serious problem, however, since it would appear in most cases to be more a failure to verbalize the factor than an actual failure to take it into account. Also, too much criticism is leveled at individuals for making "foolish" or "illogical" choices. This is, in fact, a judgment, not on the decision process involved, but on the results, since most people do act "logically" in a subjective sense. The reason for divergence of choice has more to do with different preferences and different amounts of information than with different reasoning abilities.

The second potential problem with relying on individual decisions comes from unequal access to and/or utilization of information. Most of the real difficulties in situations of individual choice are not caused by difficulties in handling the three different types of effects which must be considered, but by possibly "wrong" decisions made based on erroneous or incomplete information.

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*One could make the case for a "money illusion" effect, i.e., that monetary outcomes or costs dominate because they appear more real to the individual. It is difficult to separate "money illusion" biases from other preferences for money receipts (greater exchangeability) and opposition to money costs (must be financed by work rather than leisure).

The importance of the tripartite specification of educational effects becomes crucial only when the decision locus moves from the individual to the group. In any form of societal decision making which purports to take into account the net effects on different individuals (as opposed to a dictatorial system where one individual's choice is the basis for the group's activities), some non-subjective decision-making system must be used. Whether it is called systems analysis, benefit/cost analysis, rate of return analysis or whatever, all such "objective" analysis of social decision making has been forced to return to money as a common denominator for the diverse monetary and nonmonetary effects. Because of the measurement difficulty with nonmonetary effects, many policy analyses have concentrated on the explicit monetary flows although a warning is usually attached which draws attention to the fact that not all effects are included or that even the monetary effects have been "adjusted." Policy prescriptions often follow, however, which are based solely on the monetary results and often ignore the author's own caveat.

Public-investment analysis should be carried out in the following manner. Effects of type one should be adjusted for such obvious biases as purchasing power differences and variance in work/leisure ratios. Effects of type two should be estimated whenever such estimation is possible without the introduction of potentially large and uncertain biases. The investment analysis can then be carried out to produce a rate of return or benefit/cost ratio based on effects of types one and two.* Type-three effects are not susceptible to similar treatment. They can only be considered within a decision framework involving the voting of preferences. Each member of the group can argue the case for his or her perception of type-three effects. The actual voting procedure is a separate matter; the important point here is that type-three effects are too uncertain to be quantifiable through any objective consensus. However, they can be taken into account through the exercise of individual consumer choices and one way to facilitate this is the use of educational entitlements.

The Special Case for Educational Entitlements

In proposing a system of educational entitlements for adult Americans, most supporters of such legislation have recognized that such a program is distinct in many important ways from the justification needed to rationalize the subsidization of traditional education. The advantage of educational entitlements over other educational funding schemes is in the greater number of individuals who will participate, the hypothesized increased equality of participation across social classes or groups, and the wider variety of activities which would be recognized as educational. The use of such a "voucher" technique would also have the special advantage of introducing greater consumer sovereignty to the educational market.

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*Where the outcome may be specified in a quantitative but nonmonetary form (e.g., test scores, reduced attrition, etc.), cost-effectiveness analysis may be used.

Unfortunately, each of the foregoing advantages also presents problems. Increased participation may involve lower input quality in terms of the abilities the students bring (not necessarily a problem in that the concern here may be with value added); the increased equality of participation may not occur due to the residual and nonmonetary costs of education for the economically disadvantaged; and, the increased role of consumer choice brings with it a concomitant requirement of improved consumer information. The major concern here is not with educational fraud of the type which has plagued the GI Bill, although that threat is real, but with the misinvestments of both public and private resources which can occur when needed information about courses of study and their expected outcomes is not available. Given that the present time is one of general economic uncertainty and of political pressure for less rather than more governmental involvement, the supporters of educational entitlements must be prepared to defend the idea on the basis of its unique advantages.

The ability to handle the problems of monetary and nonmonetary effects through individual rather than collective choice is one of the most attractive facets of the proposed entitlement programs. While the question of how much in total funds should be allocated to entitlements would remain to be answered through the political process, the individual expenditure of entitlements would assure a more precise pattern of consideration for all effects no matter of what form.

The main policy question which should be answered is why any public subsidies should be extended to new educational activities given that rates of return to traditional education are declining. In fact, such an observation is a two-edged sword: it may be interpreted to mean that our society has exhausted the profitable opportunities for exploitation of education or it could be seen to mean that new forms of educational investment are indeed called for. Most entitlement legislation is, however, presented as complementary to present funding and not as a substitute.

Additional matters which remain to be resolved are what limit on "educational" activities is needed in such programs, how a suitable information/counseling system can be organized, and what the potential is for the use of entitlements as a substitute rather than a complement to existing postsecondary subsidies.

VII--ADULT EDUCATION, WORK AND ECONOMIC DEVELOPMENT

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Introduction

The purpose of this paper is to explore the interconnections among adult education, work and economic development. More specifically, this is an exploration of relatively large-scale education during the adult years through some system of "entitlements" which permits workers to have a significant educational venture one or more times during their work careers.

The starting point is to summarize what the economists have learned recently about the "economics of education," and to put that work into the perspective of the need to understand the interrelationships of educating and working during the adult years in terms of economic development. The agenda which lies before us in this larger undertaking is then discussed in the three sections following the summary.

The second section concerns direct contributions to the enterprise level resulting from entitlement arrangement which impact on the relationship between a particular employer (and often the associated union) and his or her labor force. The third concerns the more diffuse effects of creating a more trained and educated (and presumably more flexible) adult labor force through entitlements on the general level of economic activity. The fourth, related to the third, is the opportunity which exists to add to workforce capabilities during recessions, and the broader role which the fuller development of the adult resource might play in total economic policy, particularly with regard to current thinking on inflation-unemployment trade-offs.

There are many plans for an entitlement approach, and these are discussed elsewhere in this volume of papers. The discussion here assumes an approach which adds significantly to adult education and training during what are normally the "working years," and does not address any particular scheme.

The Present State of Analysis

There is a field of economics, now only about 15 years old, which deals with the "economics of education." In the long history of economics, the concern was with the role of "land, labor and capital." "Labor" was considered in terms of quantity only, and quality and the difference it makes was not a concern of economics. It would not be uncommon to find statements similar to the following from a 1957 economics text on economic theory:

> We shall assume that the labor is homogeneous in the sense that all workers are equally efficient. This is not an entirely reasonable assumption; but it will greatly simplify our analysis (Stonier and Hague, 1957, p. 234).

While there are some good economists now working in this field, the distance there is to go is illustrated by the fact that the only reference to the role of education in modern industrial economies in the latest edition (1976) of Paul Samuelson's basic (and widely used) text is in relation to reducing inequality of opportunity among classes and sexes (although it is ascribed importance in a chapter on developing nations) (Samuelson, 1976, p. 801). Even in the most widely known economic work on growth in the developing countries, there is only one brief reference to education in the entire text (Rostow, 1961, p. 30).

A number of economists (and others) over the past years have been struggling with a broader economics; perhaps new directions are in the charting. (Schumaker, 1973; Wirtz, 1975; Loebl, 1976; and Ginzberg, 1976, to name a few of the recent dissenters to leaving the human resource out.) We will, however, proceed with the task at hand with proper humility and with an attempt to specify lines of further inquiry when there is little basis for a rendering of final judgments now (which will most always be the case).

As for the studies of the returns of education and training in the recent past, they are fraught with methodological and data-availability problems well recognized by the economists performing them. Such problems are thoroughly explored in the 1970 work of Lester Thurow in *Investment in Human Capital*; and Ernst Stromsdorfer has more recently produced a summary of 11 of the most knotty problems (1972). The particular problem of adequate "control groups" is thoroughly treated by Michael Borus (Borus and Buntz, 1972); and Daniel Hamermesh points out that research is required to determine the *means* by which education raises the productivity of labor (1974). And while problems have been raised by those practicing human capital economics, Michael Piore questions the foundations of the theory itself (1974); as does Allen LeBel in an unpublished thesis in 1972. So there is a debate among economists both as to method and theory.

Nevertheless, the work on the returns to education over the past few years has been considerable. While methodologies, segments of populations and level of education vary, the returns are all positive.* The results of studies by Gary Becker (1964), Gioria Hanoch (1965), W. Lee Hansen (1963), Shane J. Hunt (1963), and Daniel C. Rogers (1967) are summarized in Table 1.

Attempts to measure the costs and benefits of skill training of adults in public programs have resulted from the passage of the Manpower Development and Training Act, and subsequent legislation. The rates of return, again, are all positive, and are summarized in Table 2.

Not included in the education table is the recent study of Richard Freeman (1975) which concluded that, in this period of lessened demand for college graduates, "continued increases in the relative supply of college graduates can be expected not only to reduce college to high school income differential, but also to lower the job status of both groups." There are many who think that economic returns to a college education have recently declined.

On the "training" side, the most recent study by Orley Ashenfelter, using Social Security records for followup, found that the earnings of persons who received training in 1964 increased in 1965 and from 8 to 18 percent over what they would otherwise have been, and that while the benefits decline with time, they still exist up to five years after training (1975, p. 48).

This is not a complete reporting of all work on the economics of education, although the "rate of return approach" has been the dominant one. (The best discussion of all the methodological approaches is still William Bowen's *Economic Aspects of Education*, 1964.) The studies of education have been of education in the youth period of life, not of adult renewal opportunity. The studies of training have been of

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*This summation of findings of education and training rate of return studies was greatly assisted by Allen LeBel, who performed a synthesis of these studies as a consultant to the National Manpower Institute.

TABLE 1

Estimates of Internal Rates of Return to Investment in Education

		Becker	Hanoch[b]		Hansen[c]	Hunt[d]	Rogers[e]	
		A	U	A	U	A	U	A
From: To:	Grade 8 Grade 12	18[a]	18.0	16.0	15.3		9,13[e]	6,7[e]
From; To:	Grade 12 4 Years College	14.5[a] 10-13[k]	10.0	9.6	11.6[f]		14,15	8,9
From: To:	4 Years College Some Grad.		7.0[g]	7.0[g]		neg.[h]	neg.[i]	neg.[i]
To:	Second Degree					[j] 22,3.0	5,6	0,2
From: To:	Grade 8 4 Years College		12.5	11.5	12.9		12,15	7,8

a. Private returns for white males after tax.
b. Private rates of return before tax for white male Northerners.
c. Private rates of return for males.
d. Social rates of return for males.
e. Private rates of return before tax for white males. In each cell, the first figure is for high cost and the second for low cost education. (All variables are set at the national means.)
f. Four years or more.
g. 17 or more years.
h. Masters (assumed to be 17 1/2 years).
i. Some graduate or professional school but no degree.
j. Ph.D.'s, M.D.'s, B.D.'s, and L.L.B.'s (assumed to be 19 1/4 years).
The first figures is for a high and the second for a low cost estimate.
U = unadjusted (simple means).
A = adjusted for the effect of other variables.
neg. = negative.
k. Social returns for white males before tax.

COST - BENEFITS FROM SELECTED STUDIES OF TRAINING

	Name of study	Time period[1]	Location	Experimental group[2]	Control group	Int rate
1.	Main	1965-66	Nationwide	MDTA[6] graduates and dropouts	Unemployed relatives or neighbors	
2.	Hardin and Borus	1962-65	Michigan	MDTA Enrollees	MDTA applicants	
3.	Muir, et. al.	1963-65	Nationwide judgment sample	MDTA graduates	Before-after comparison	
	a. Institutional					
	b. On-the-job					
4.	Stromsdorfer	1959-63	West Virginia	ARA[7] and State graduates	Unemployed workers	
5.	Borus	1962-63	Connecticut	ARA and State program graduates	Unemployed workers who refused retraining	
6.	Page	1958-61	Massachusetts	MDTA graduates	Workers employed during the program	
7.	Sewell	1965-67	North Carolina	MDTA graduates: disadvantaged rural workers	Nontrainee applicants	
	a. Institutional					
	b. On-the-job					
8.	Olympus research	1969-70	Boston, San Francisco, Denver and Oakland	Enrollees in MDTA and other training	Before-after comparisons	No
9.	Smith	1967-68	Nationwide	MDTA graduates	Simulation based on after comparisons	

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[1] The time period includes the training period and the follow-up observation period.

[2] In general these studies examine groups in addition to those for which rates of return are given. M
Borus, Stromsdorfer, and Smith examine institutional training only.

[3] These rates of return are based on an assumed benefit duration of 10 years.

[4] All costs are total social costs and thus include current operating costs, capital costs and opportu

[5] All benefits are before-tax earnings and represent a social benefit, that is, an increase in value-a
gross national product.

[6] Manpower Development and Training Act.

[7] Area Redevelopment Act.

Source: Table modified from Stromsdorfer (1972).

Citations for the evaluations are: Main (1968), Hardin and Borus (1971), Muir et al. (1967), Stromsd
Borus (1964), Page (1964), Sewell (1971), Olympus Research (1971), and Smith, Ralph (1970).

COST - BENEFITS FROM SELECTED STUDIES OF TRAINING

y	Time period[1]	Location	Experimental group[2]	Control group	Internal social rate of return[3,4,5] (percent)
	1965-66	Nationwide	MDTA[6] graduates and dropouts	Unemployed relatives or neighbors	15.9
orus	1962-65	Michigan	MDTA Enrollees	MDTA applicants	14.7
.	1963-65	Nationwide judgment sample	MDTA graduates	Before-after comparison	
onal					54.0
b					56.0
	1959-63	West Virginia	ARA[7] and State graduates	Unemployed workers	138.0
	1962-63	Connecticut	ARA and State program graduates	Unemployed workers who refused retraining	30.2
	1958-61	Massachusetts	MDTA graduates	Workers employed during the program	50.8
	1965-67	North Carolina	MDTA graduates: disadvantaged rural workers	Nontrainee applicants	
onal					6.3
b					49.3
	1969-70	Boston, San Francisco, Denver and Oakland	Enrollees in MDTA and other training	Before-after comparisons	Not estimated
	1967-68	Nationwide	MDTA graduates	Simulation based on after comparisons	12.2

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eriod includes the training period and the follow-up observation period.
these studies examine groups in addition to those for which rates of return are given. Main, Hardin and fer, and Smith examine institutional training only.
of return are based on an assumed benefit duration of 10 years.
are total social costs and thus include current operating costs, capital costs and opportunity costs.
s are before-tax earnings and represent a social benefit, that is, an increase in value-added in the roduct.
evelopment and Training Act.
lopment Act.

odified from Stromsdorfer (1972).

or the evaluations are: Main (1968), Hardin and Borus (1971), Muir et al. (1967), Stromsdorfer (1968), e (1964), Sewell (1971), Olympus Research (1971), and Smith, Ralph (1970).

the programs of relatively short-term skill training, and mostly of that provided to poverty populations, or the long-term unemployed.

The studies to date are much like those of any other "investment," and education is looked at largely in isolation from its direct connections to work and productivity. There is no economics of the intertwining of work and education which yield both a theoretical explanation and an empirical testing of the theory. This is particularly true of education and training intertwined with the work years of life and with both career-mobility objectives of the individual and productivity motivations of the enterprise and the economy.

While it may seem a digression, it is perhaps important to note that while the discipline of economics has only recently discovered the potential importance of the quality of a labor supply as well as its quantity to the functioning of the industrial system, this has not been true of American historians and others long specializing in human resource development; although, here again, the emphasis has been on the education of youth.

In explaining American economic growth in the Seventeenth and Eighteenth centuries, Stuart Bruchey identifies the importance of free public schools, but finds any numerical sorting out of the relative importance of growth factors an impossibility; explanation "whether expressed in numbers or words, are fundamentally historical approximations resting on judgment" (1968, p. 5). Businessmen early recognized what the schools contribute to enterprise and "led the drive in the late Nineteenth century for training of skilled artisans and mechanics in the public school at the public expense," according to the respected historians of American enterprise, Thomas C. Cochran and William Miller (1942, p. 271). The demand that higher education provide access to industrial pursuits was so strong that it sometimes pushed institutions away from traditional scholarly areas. In 1850, for example, a committee of the Massachusetts legislature urged Harvard to abandon the literary subjects so that boys who wished to become better farmers, mechanics or merchants could get "specific learning for a specific purpose." With this growing pressure, Trinity College, Oberlin, Notre Dame, Villanova, Maryland, Tulane and Lafayette moved toward skill-specific teachings (Handlin and Handlin, 1970, pp. 34-35). These experiments were short-lived, but represent a cycle oft repeated, and not unfamiliar in 1976.

Educators have not always been opposed to serving the aims of business, whether in teaching skills, or in instilling the proper attitudes as well. After the railroad strikes of 1877, the National Commission of Education said:

> The school could train the child to resist the evils of strikes and violence and. . .capital should "weigh the cost of the mob and the tramp" against the expense of universal and sufficient education (Curti, cited by Cochran and Miller, 1942, p. 271).

But the imparting of attitudes and responses favorable to the conditions of the enterprise were usually more subtle, and well described in a recent statement that:

> The longer a young person remains in the bureaucratized educational system, the more he will be conditioned to other large organizations, particularly the corporation, which increasingly dominates the work environment in advanced economies (Ginzberg, 1976, p. 70).

At the secondary level of education, at least, the debate as to how directly vocational the schools were to become was joined as a result of a crusade started by Calvin Woodward in the 1870's for a better fitting of men for work. The resolution of that debate was the passage of the Smith-Hughes Act of 1917 (with the combined support of the National Association of Manufacturers and the American Federation of Labor) and "the die was cast for a course that was never to be reversed and ultimately had the effect of turning vocational education into a separate stream of public schooling, usually with less status" (Hechinger and Hechinger, 1975, pp. 114-115).

None of this is to suggest any consistency in education's historical responsiveness to the needs of enterprise, nor of businessmen's support for education. It is only that they have often gotten together. In fact, there was always an ambivalence on both sides, and in the late Eighteenth and early Nineteenth century:

> Many businessmen questioned whether any education beyond the three 'Rs' was a good thing for potential industrial workers, whether it would not in the end make them discontented with doing only the menial tasks of industrial society (Cochran and Miller, 1942, pp. 271-272).

That something at least similar to this may in fact happen is given attention in James O'Toole's article on "The Reserve Army of the Underemployed" (1975).

A review of where we have gotten--mostly not--in the economists' treatment of education (which has been mostly youth education) and the historians' recognition of the interplay of education and economy suggests that there is not a lot to go on in understanding the economic-development potential of a system of adult entitlement to education and training.

The approach in the remainder of this paper will be to set forth some possibilities for economic development in a closer meshing of education and work in the mature years of life, particularly as this would be achieved through some form of entitlement system that makes the availability of education and training understood on the basis of fixed rules of access, and as a matter of right, conditioned of course in a number of ways depending on which plan is being considered.

In the underdeveloped state of such matters at the present time, the most that can be done within this paper is to present a framework in which to look for the economic-development effects and to discuss what these effects are likely to be. From a research standpoint, these will constitute a series of hypotheses. Since the research designs that would be required are complex, and since research results are a long way off, there will also be an attempt to bring to bear that reasoning and judgment which might be considered to afford some basis for pushing ahead on the frontiers of adult education-work relationships and learning as we proceed with doing.

Direct Contributions to Enterprise Operation

What can an education-work relationship do from the standpoint of the production goals of the employing enterprise? There are developments which suggest a reasonable interest on the part of government, management and labor in finding answers to that question. The Conference Board (1975) surveyed developing "tuition-aid" plans in 1970, and there has been considerable growth of them since then as evidenced by information being received informally by the Conference Board which indicates a growing number of plans, and the easing of requirements that tuition-aid courses be job related. The National Institute of Education has recently contracted for a study to identify all of the private tuition-aid plans negotiated by labor and management, and to examine the utilization of those plans.

In a 1975 joint conference of the American Association of Community and Junior Colleges and the UAW-AFL-CIO, Walter Davis, Education Director of the AFL-CIO, signaled the further effort which might be expected by saying (as summarized in the conference report) that:

> AFL-CIO interests are not limited to the quality of life on the job, but extend to the quality of life in the community. In community functions, academic credentials are held in some esteem. . .and union members therefore need educational opportunities to function effectively ("Organized Labor and Community Colleges," 1976, p. 10).*

Herbert Levine has written often on the content and scope of private tuition-aid plans, and the importance of these plans in the larger picture of adult education is evidenced by the inclusion of a survey by Dr. Levine in an international conference on "recurrent education" sponsored by OECD, HEW and Georgetown University in 1973 (Mushkin, 1974).

This recitation is only to suggest the potential interest in furthering adult work-education relationships through collaboration among employers, unions and educational institutions. There is enough going on now, and prospects of more, that investigation of impact at the level of the firm is a worthwhile venture. What is being discussed in these papers as a new and broader system of educational entitlements for adults is not by any means an abstract proposition: there is a growing practice developing in this direction and reason to think that there would be benefits perceived at the enterprise level that would be supportive of the development of more systematic entitlement arrangements.

Several possibilities for furthering economic objectives at the enterprise level through entitlements with public-financing participation are suggested below as possibilities for systematic investigation.

1. A system of entitlements removes a portion of the barrier to investment in career education and skill upgrading by employers.

A commonly accepted, and plausible, explanation of the underinvestments in educating and training by individual employers is the fear that the investment will be lost because other employers (who do not so invest) hire away workers in whom the investment has been made.

In other countries, notably the United Kingdom, there have been large-scale efforts to eliminate such disincentives through the levying of a "training tax" on employers that is offset to the extent the employer invests in training. If the employer does not so invest, the tax is collected and used for joint industry-wide training. While a system of public entitlements to periodic education and training sabbaticals is different, it does remove a degree of risk from the individual employer. Of course, the employer will have training needs not met through the free choice of workers in the use of their entitlements, but the current underinvestment in skill development by individual employers* may be somewhat corrected.

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*Mr. Davis points out, however, that the importance assigned such credentials is often without justification.

2. Widespread availability of educational and training entitlements will require more careful assessments of present and future manpower needs of the enterprise and the sources for meeting those needs.

Policies covering the provision of off-the-job training and education opportunities, and the timing of the use of those opportunities, should be related to the overall manpower needs of the enterprise. The creation of tuition-aid plans and the more general expansion of such practices through entitlement systems may themselves lead management to plan ahead more carefully, in terms of future skill needs, expected retirements, losses due to turnover, and expected success at competing for needed skills from the general labor market. Through such planning, an enterprise may make a better judgment as to what percent of its labor force it ought to have in a "development state" at any one time, and thus reach decisions on what it thinks to be the ideal size of the training effort (with no implication that such judgments would necessarily be agreed to by unions and workers, however, whose motivations include different dimensions). More orderly internal management of (in John Dunlop's phrase) the "internal labor market" may be one benefit of the inauguration of a worker education and training program. This suggests that some employer/union influence over the timing of the use of entitlements would be desirable if this particular benefit is to be realized, although availability on other terms would likely force some more systematic manpower planning at the level of the enterprise.

An example of the more pervasive effects that can arise from "quality of work" efforts is in Jamestown, New York, where labor-management collaboration has been extensive. Such work leads to another effort. . .

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*This is not to say that individual employers are not doing it; many are, as stated in the introduction to this section of the paper.

> . . .in developing skills necessary to the continuing well-being of the area's manufacturers. The skill development program involves in-plant labor-management committees, which identify present or future skill need and then design a training program to assist persons who might fulfill such requirements (National Center for Productivity and Quality of Working Life, 1976, p.20).

3. The provision of training and education entitlements may be a logical reason for the introduction of flexible working hours.

The need to accommodate to outside training and education schedules may be a reasonable basis for putting flexible working hours into effect (and a good illustration of the intertwining of education and workplace improvements). There is a growing literature on the effects of flexitime, which indicates that it produces such advantages as reduced overtime and absenteeism, productivity increases and specific dollar savings (Stein, Cohen, and Gadon, 1976).

In reporting on why workers like flexitime arrangements, one of the reasons given was that it gave them a chance to participate in cultural and educational activities (Stein, Cohen, and Gadon, 1976, p. 43). Studies will be needed on the extent to which flexible arrangements are used for such activities.

4. To the extent that workers come to value training/education benefits, there will be a mutuality of interest between management and labor that may make a larger portion of a wage/fringe benefit package go to expenditures that raise the productive capacity of the enterprise.

Education is an activity that can enhance the value of workers to the enterprise as well as being a benefit that workers seek in their own interest. An educational entitlement, therefore, is the kind of negotiated benefit that can produce returns to both workers and employers in ways, for example, that expenditures for reduction in the workweek do not.* Further, any enlargement of the mutuality of interests between labor and management will have more diffuse benefits in labor relations, reduction in grievances, etc. An example of this, again from Jamestown, New York, is the statement that:

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*While entitlement schemes vary, the assumption made here is that collectively bargained arrangements will be an integral part of the whole of an approach to adult education and training.

> An in-plant committee that works effectively to build a training program has a good chance of working to solve a contract issue--an in-plant committee with a record of success at both those levels can then address the whole issue of productivity and benefits (National Center for Productivity and Quality of Working Life, 1976, p. 20).

There may be also some impetus here for industry to better utilize the resources of the private and public educational institutions than they have in the past; it is well known that most skill training is provided within the plant in an informal on-the-job setting. Such an approach is not unique to the United States. A recent study by Frederic Meyers (1974, p. 163) found:

> . . .it remains true, as it has been historically, that most manual skill training in these European countries, the qualification for France always noted, takes place on the job.

However, Dr. Meyers also finds some shift towards the more widespread and more highly structured use of the schools as a part-time complement to organized on-the-job training (1974, p. 163).

5. There are the more obvious aspects of employee behavior to be examined, such as increased retention in the firm, higher morale, lower absenteeism and greater productivity.

While these possible benefits are relatively clear-cut, determining their value on a long-term basis is not easy. There are simple matters of whether absenteeism changes after completion of an education/training cycle, whether the added skills and abilities actually get utilized in the enterprise, and whether those taking advantage of the program stay or leave. However, countervailing forces are at work, and employers will be concerned about them. Does the favorable retention effect get offset because employees become more attractive to other employers? When progression in the enterprise does not occur after a significant amount of further training/education, does discontent develop?

Such questions may not have generalizable answers, and the answer may be unique to a particular enterprise and its environment. But, the record keeping can be such as to weigh the advantages in any particular enterprise.

6. Education/training arrangements may provide workers with second skills and leisure skills that reduce resistance to retirement in those enterprises using early retirement as a means of adjusting their manpower requirements to production needs.

Such possibilities are of obvious benefits to workers and society, particularly as they create alternatives to workers facing retirement from a particular enterprise. The employer benefits may be there also, if, at first glance, not as obvious.

The possible economic rewards to employers from investment in the training and education of their workers will be known only when there is more widespread attention to the role of the human resource in productivity and to personnel cost factors resulting from turnover, absenteeism, etc. In general, American employers have not given systematic attention to these matters. Internal skill training, particularly that which must be performed on-the-job, is usually not kept track of in cost terms since it is embedded in the costs of production. Adjustments in the internal labor market are frequently not traced through critical cost variables that may be affected by them, in terms of employee productivity, morale levels, retention rates, the costs of turnover and entry training, etc. (For the best review of this larger context, see Doeringer and Piore, 1971.)

In a climate where there is less attention to such matters than might be expected, we will not easily learn the direct enterprise benefits from entitlements, tuition-aid plans, and training/education sabbaticals unless there is a cooperative effort between researchers and enterprises interested in hard numbers. A combination of research and experimentation needs to take place to help corporate and union managers who make the key decisions about expanding opportunities through unilateral efforts, collective bargaining, and/or the support they will give to public plans for educational entitlements and sabbaticals. Generalized national "cost-benefit" ratios of the traditional kind employed by economists, and stated in terms of additions to and subtractions from the Gross National Product, are not likely to be helpful for decisions at the level of the enterprise.

The Development Effects of a Flexible Work Force

What portion of the adult labor force falls below the minimum in developed abilities required in the adequately paying "regular job" sector of the economy? To what extent does the existence of a well-educated, multi-skilled labor force influence what markets businessmen attempt to enter, and the level of production they attempt to achieve?

What is the educational condition of our adult labor force, and do we have greater or lesser disparities in achievements than other highly developed economies? How much production time is lost, unnecessarily, because we do not have systematic arrangements for workers acquiring new skills when they get displaced from old ones, or second skills even while they are working? Why don't employers provide more skill training within the firm, and does a deficiency here reduce the American productive capacity?

While the United States has a relatively well-educated labor force, it may be surprising that almost three out of ten of the adult labor force (age 18 to 64) have not completed high school; in sheer numbers, over 54 million adult Americans are without a high school education. In a nation that increasingly has thought of the four-year college as the place most of its youth now go (in fact, less than one out of two now enroll in college after high school), it may also come as a surprise that 84 percent of adults in the labor force do not have a four-year college education (U.S. Department of Labor, Bureau of Labor Statistics, 1975). That the years of schooling completed are as high as they are is the result of the remarkable progress in educating the young over the last couple of decades. In that portion of the labor force age 55 and over, 47 percent are without four years of high school, compared to only 15 percent of 20 to 24 year-olds (U.S. Department of Labor, Bureau of Labor Statistics, 1975, p. 66).

Given the unevenness of educational achievements relative to years of school completed across the U.S. population structure, across its vast geography, and the varying time elapsed since formal schooling was completed, it is more relevant to ask about the quality of real achievement levels. A Public Health Service study finds, for example, that about a million 12 to 17 year olds, almost all in school, cannot read at the beginning fourth-grade level (Vogt, 1973). The practical knowledge necessary in negotiating life--and the job world--may be inadequately contained in the "grades of schooling completed" measure. Almost all 17 year olds have completed, or are about to complete, a secondary education. But, in 1973, only four out of ten could successfully pick out the sizes of a can of tuna fish which offers the lowest cost per ounce (U.S. Department of Health, Education and Welfare, National Center for Education Statistics, 1976, p. 203). Among a national sample of 17 year olds in 1974, only 17.5 percent could correctly read an insurance policy. Given a reasonable view that insurance policies are not designed to be easily read, we can still be concerned that less than half could correctly follow instructions on a traffic ticket (U.S. Department of Health, Education and Welfare, National Center for Education Statistics, 1976, p. 209).

While Americans spend more time in school than do youth in other nations, it is not at all clear that they are better educated, or, more particularly, that there is less dispersion in the achievement levels of the American labor force. Using final year secondary students as an indicator, we do alarmingly poorer than most all developed countries in an international test of mathematics, science and reading comprehension.

	Percentage of Correct Answers		
	Mathematics	Science	Reading Comprehension
France	48.4	30.5	-
Germany (F.R.)	41.7	44.8	-
Italy	-	26.5	45.0
Japan	45.5	-	-
Netherlands	46.2	38.8	57.8
Sweden	39.6	32.0	49.6
UK	51.0	38.5	62.2
United States	20.0	22.8	40.2

Source: Office of Economic and Cultural Development (1974)

These low U.S. scores are an indication of relatively less achievement at any point in the educational continuum. The fact that our youth stay in school longer compensates to some extent for low scores at the secondary level of education. However, we are not all that much ahead in average length of schooling as one might have thought, averaging 15.2 years in 1970, compared to 14.7 years in France, 14.1 years in Canada, and dropping to 12.3 years in Germany (U.S. Department of Health, Education and Welfare, National Center for Educational Statistics, 1976, p. 263). As for the future, it looks as if we may be overtaken if the differential education enrollment rates continue. After adjustments for population changes, the United States had the lowest full-time enrollment growth rate* among the developed countries from

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*"Growth rates" here means average annual compound growth rates.

1960 to 1970, at both the secondary and postsecondary levels of education (U.S. Department of Health, Education and Welfare, National Center for Education Statistics, 1976, p. 263).

It is perhaps not that we are doing so badly in educational terms, but only that we may not be doing as well as we might have supposed, in absolute terms, and relative to other nations. We are not, by any means, a homogeneously educated nation; there are vast extremes in our developed abilities, in terms of geography, in terms of age, in terms of ethnicity and race. We do not know how long it will take us to achieve a greater parity of achievements in the youth period of life. And thus, we should not forget that we still have the rest of life to work with.

We seem to have forgotten that more than the early period of life is available for education. When we said we achieved 12 years of free public instruction in the United States, we did not say much about the fine print in this vital social contract which says you have to take it when you are young. A person age 40 and lacking the last three years of high school does not still have entitlement to $3,000 to get that education: the amount we pay, on the average, to send a youth to high school. As has been said by one writer, the schools have signs on them for adults reading "Closed, Come Back Earlier" (Wirtz, 1975). One way to reduce this wide dispersion in attainment is to eliminate the fine print, and make good to all the promise of at least 12 years of free public education.

There can be no sure answers here as to the extent to which extreme achievement disparities retard general economic growth. We do, certainly, have the capacity to achieve a labor force that is more flexible and adaptable to changing skill requirements. This can be done through both public and private forms of adult education and training. It can be done through expansion of traditional adult education offerings, and through greater availability of training and education offerings targeted particularly at those periods of life when people get displaced from working at their usual skills. It can be done within the firm and the union, particularly when new job specific skills are required. It can be done through general schemes of educational sabbaticals, funded by payments into trust funds, like those for social security and unemployment insurance.

This factor of flexibility cannot be costed in aggregate terms in increased national production; the analysis and fact-finding has not been performed. A better understanding of the specifics of this factor in economic development--for localities and regions as well as the nation as a whole--ought to be on the research and development agenda.

There has been very little investigation into the causal relationship between changes in the quality of the labor supply--particularly in terms of reductions in the great disparities in educational/skill achievements, and the constraints on demand and levels of production.

Recession Policy and the Business Cycle

For a nation reputed to have as a strong work ethic as the United States, we seem, in practice, to prefer to pay people to waste their talent--even let their abilities deteriorate--than to provide productive activity when recessions inflict mass unemployment. In 1975, we were paying probably as much as $30 to $40 billion in added unemployment insurance, welfare payments, and food stamp costs. The amount spent on skill training under the Comprehensive Employment and Training Act was only a few hundred million dollars--and less than prior to the recession, not more.

While there are strong emotions about massive public employment programs as a major answer to recession employment problems, there is widespread acceptance of the value of education and skill development. The value placed on education generally has not been translated into educational ventures for people undergoing enforced idleness. The economic development aspects of providing skill training and education on a widespread basis are: (a) partly a matter of the least-cost approach (relative to benefits) to dealing with large-scale unemployment, and (b) partly a matter of what it means for future economic growth to be continually adding to our stock of human resources during periodic adversity.

The targeting of education and training on the unemployed is a means--and admittedly only a rough one--of raising the ability levels of the portion of the labor force most vulnerable to unemployment. Reaching that population during periodic recessions would slowly create more homogeneity and flexibility in the labor force. The proposition would be that the gradual raising of the productive capacities of those with the lowest skills will remove a constraint on the expansion of business enterprise, since there just have to be limits on what an entrepreneur decides to produce if he or she has to draw from a population in an area where the only labor supply left has gross deficiencies in skills and education.

We say a "rough means" because a large proportion of the recession unemployed are the victims only of a curtailment of production and have adequate skills and educational achievements. But, a very large proportion will be those at the bottom who could well be prepared for more productive slots in the economy. The point is that they have to be assisted in some way. They must receive cash assistance to live, and they could as well be given an opportunity to use that time for which they are paid in a development venture.

We attempt to expand growth in major sectors of the economy during recessions. Since education is one of our largest industries, the flow of money into that sector during recessions will have general economic development benefits beyond the provision of education to those who have the time--and the need.

The alternative of public employment for the unemployed is not dismissed by this author as unproductive or an undesirable approach to recessions. This is not a situation where there should be only one approach to recession need; many of the unemployed will neither want nor need additional education during their unemployment. In terms of immediate costs, however, the adding of education availability to what is an already paid cash stipend (from unemployment insurance and welfare, for example) requires much lower outlays than the estimated $10,000 for a public job under existing Federal programs. While public employment must be assessed in terms of what the country gains from the services paid for and rendered immediately, the training/education alternative would involve deferred benefits to society as a whole. Thus, the economic comparison is not an obvious or easy one.

The recession context of adult training/education is not the most optimistic one; the discussion here is of economic development through a minimizing of losses--huge losses resulting from massive failure at the heart of the economic machinery. But when we speak of the most productive approach to the treatment of recession unemployment, we speak, nevertheless, of an important matter in economic development.

Reason seems to have deserted us on the matter. Why would we so willingly pay 65 weeks of unemployment insurance in this recession (about $8,500 to someone getting the maximum in the District of Columbia), and pay practically no attention to the care and maintenance of the minds that are vital to the functioning of the economic machinery? It is not because the economists have told the citizenry that one or the other is more "economic": it is not even a matter much subjected to traditional economic analysis. We pay out unemployment insurance under rules designed to prevent an unemployed person from going to school full time to acquire a certification which may be the only route, for that person, to another job.

Unemployment insurance, with considerable wisdom, was designed in the mid-1930's for "involuntary unemployment." The test applied was whether a person was able to work and available for work. At the time, duration of benefits hovered around 15 weeks. A person going to school full time is not available for work and thus not eligible for benefits.

With the lengthening of recession benefits to a year, and then more, there are large numbers who are simply going to exhaust benefits. They could be in a productive educational venture. Yet, the rules about going to school are little changed from the 1930's and where they have been, the changes have been narrowly construed to virtually rule out any but very short-term, job-specific skill training--when another year at the local community college may be all it takes to become reemployable.

There are many options for modifying unemployment insurance laws so as to merge cash payments and educational opportunity under terms and conditions which would prevent abuse of the unemployment insurance system and protect the integrity of this vital social insurance program (which this author believes is very important). But this is not the place for programmatic details.

The traditional approach to recessions in this country has been first the "lay-off" and then formal termination of employment. Workers often wait to be "called back." A large proportion never are. Time passes. People move. The employment connection is completely severed, and when the expansion resumes, a firm that survived goes through the hiring and training process with new workers. Costs are involved in terms of the loss of investment in people who were let go, and in terms of the outlays for hiring and training new people.

There have been responses in Europe to the current recession which attempt to maintain the employment relationship during recessions in ways which are mutually beneficial to employers, workers and society. From the perspective of this paper, the most interesting approach is the maintenance of the employer's work force through putting employees in training status within the firm, and using the period to upgrade skills. This may be done at less than the regular rate of pay and with government assistance in meeting a portion of the wage bill (which could be at less cost than unemployment insurance). It is a way of avoiding diseconomies to the employer from severing ties with his or her trained work force, and to upgrade that work force while it is not needed on the assembly line. The benefits to workers will, in most cases, be obvious, but we are here concerned with "economic development."

The above approach would keep much of the absorption of redundant manpower within the private employment system, with government sharing the costs which seem logical and necessary to make such a system work for large numbers of workers. It is, at least, worth experimenting with, and would start to move us away from the passive approach we have been taking to idling human resources in a recession.

In economic development terms, these approaches seem more in the vein of "cutting our losses" during recessions than positive economic development, and, of course, they are to a considerable extent. But while we have them (recessions) --and hopefully the economy has no immutable biorhythm--an intelligent husbanding of the human resource may well contribute to long-term productive capacity. And there may well be a direct and immediate effect as far as economic development is concerned.

As we enter the class of those mature economies that have managed to defy traditional economic laws to the extent of having recessions and inflations at the same time, we need recession measures that minimize impacts on prices. It is no longer as easy to give the economy a good dose of extra money through fiscal and monetary policy without running ever greater risk of unacceptable levels of inflation.* This means a need for a much more thorough search for selective measures as opposed to aggregate ones.

The use of training and education for a significant portion of the recession unemployed is one recession measure that is selective. The stipends provide the necessary support to purchasing power, at an outlay per individual that is only a fraction of the stimulation required to the total economy to employ an equal number of people. The employment route is preferred; but, if it is blocked by double digit inflation, then we ought to have a few well-marked detours to get, eventually, to the same place.

The selective measure of training and education has the virtue of adding to the stock of developed abilities of the adult population, and through the avenues suggested in this paper, a concentration of this effort on the lower strata of achievement levels (which is not to say we should stop there). As we move out of recession, we will become less and less likely to find constraints to production arising from skill shortages and less trainable workers; to the extent this happens, these are direct contributions of adult education to economic development.

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*Those levels being, in economists' terms, increasingly a matter of individual "taste." The tolerance level seems on a steady incline to both inflation and unemployment.

In any comprehensive scheme, or significant movement toward one, the counter-cyclical aspect should be kept clearly in view. The structure of it should be such, that while it may provide educational sabbaticals at any time, that it encourages the use of educational entitlements in recessions much more than in tight labor markets (if they ever return). The total economic-development impact will be greater if we productively use the downtime which results from a slackening of the economic pace. When workers are not wanted in regular jobs, the "opportunity costs," in the economists' terms, are lowest. When the economy is booming, it needs the human skills which are available to it, and to deny them at this point will create barriers to production that would simply slow real growth and contribute to price inflation (if skill shortages were such as to be translated into rising labor costs).

This is not to say we should not, and cannot, have significant levels of worker education in times of economic prosperity. The need for it, and possible use of it, in economic development terms are--hopefully--elaborated in the first two sections of this paper (or at least the suggestion of lines of inquiry for finding out what the development contributions are). But the total should certainly rise and fall with general economic activity.

Conclusion

Traditional economic analysis long neglected treating the education variable in economic development, a situation summarized in the first section of this paper. Of late, some good economists have made valiant attempts to apply the traditional framework of economic theory to explain the economic value of education, calling the effort "human capital economics." There have been various approaches, and a complete review of them would be the subject of another paper. They do, however, have in common a treatment of education in some aggregate way, and isolated from the kind of direct interrelationships with work and the overall cyclical behavior of the economy. (They also, it should be said, show generally positive "rates of return" as investments.)

Economic assessment of increments of education per se is a necessary venture. But what is here discussed is a segment of the whole of education--the adult worker--and in tandem with the workplace, the working years of life, and the cyclical performance of the economy. Here, the need is to break new ground in the targets and forms of analysis.

The second section of the paper attempted to identify some of these targets at the enterprise level. Further analysis here should be empirical and directed at how enterprise development is furthered in terms of the way the enterprise measures its own performance. There is a tendency in economics to theorize on what the economists think the rational firm ought to do, and how it ought to measure its economic performance, and there is frequently little relationship between the two sets of indices. It is, for example, a rare firm which measures the "marginal increase in the productivity"* of its workers as a result of a specific investment in their "human capital." But, they do know what the reject rate is on the assembly line, and if that is what they watch then the real world is in identifying the factors which affect it.

The third concern is in the role that a more flexible and adaptable labor force can play in the functioning of American enterprise. While the facts are not very good yet, the question is raised as to whether we have a dispersion in the quality of our labor force that is too great, and whether lifting the bottom through targeted adult educational opportunity would be beneficial. The methodology for investigation was not at all developed, but the desire here is to place the matter on the research agenda.

The fourth section dealt with the adult education-work relationship in the context of the cyclical swings in the economy, the most productive alternatives for minimizing the wastage of the human resources in recessions, and the possible role of training/education in the general management of the business cycle. This is no small subject, but it is one neglected by policymakers and researchers alike. The economic practitioners have fixed their gaze on aggregate responses, and argue in terms of fiscal restraint, or monetary ease--all important, of course. But, we are now in a point in history where those measures which used to be applied when we were moving among inflation, recession and stability are no longer providing the answers. Economic performance has altered, and attention to selective interventions (which go far beyond just the single one discussed here) is just not there.

This paper has focused on economic development aspects because that is its title. The benefits of adult education during the career years of life are many, and explored elsewhere in this volume. The search here is for the right

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*The theoretical framework used in micro-economics.

questions about economic effects of changed adult education-work relationships; we are at the point in understanding of these matters that most of what we have to learn lies before us.

VIII--THE POLITICS OF ENTITLEMENT

By

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> Whether or not there will be movement toward a broadened educational entitlement program will depend more than anything else on political considerations both in the general society and within the educational community.
>
> Norman D. Kurland

If it is assumed that a desirable goal for American society is the provision of formal and informal opportunities to the citizenry for lifelong learning, it follows that political considerations are central to achieving that goal. For, at the very least, there would be some reallocation of resources, some development of essential infrastructure and a degree of planning and coordination which will require governmental actions. Our mode of stimulating such actions is, of course, essentially political--citizens pressing their representatives to act on behalf of the goals they desire.

While it can hardly be said that a current high priority in the United States is entitlements for lifelong learning, there is clearly a growing interest in the subject. Witness, for example, inclusion of a new Part B of Title I of the Higher Education Act of 1976 dealing with the encouragement of lifelong learning opportunities and with planning, assessment and coordination of such activities.

The function of this paper is to suggest, in a preliminary manner, ways in which the political process may bear upon the pursuit of the entitlement idea for lifelong learning. To this end, in part I we discuss the nature of the American political culture and the political subculture of education and especially of higher education. We draw on conclusions from a recent study of the political process as it bears on higher education policy to suggest a set of considerations which those interested in pursuing the entitlement idea may wish to keep before them. We then indicate some of the contemporary socioeconomic factors which are likely to have an impact on the immediate political viability of entitlements for lifelong learning.

Part II deals with four major questions of actual or potential political significance arising in connection with the entitlement concept. First, are entitlements needed and what is the evidence? Second, who would in fact use them? Third, who would bear the cost? Fourth, what are the respective roles of the Federal government, the states and institutions in carrying out an entitlement scheme?

Part III explores some of the political issues involved in making entitlements operational. How will decisions be made regarding the eligibility of educational and training programs? Who will be responsible for the public information and guidance and counseling which seem to be inherent elements of any successful entitlement scheme? What types of evaluations of the entitlement experience will be needed?

Part IV deals with next steps, from the political perspective, in pursuit of the entitlement idea for lifelong learning. What needs to be done to create an appropriate political climate for consideration of an entitlement approach? Can we yet indicate where there is political support for, and opposition to, an entitlement plan? What factors are likely to influence supporters and opponents of entitlements?

Included in this part will be a number of suggestions for further research and background work.

I. The Political Environment

There are three characteristics of the American political culture likely to be influential in the future development of any general entitlement scheme for lifelong learning.

First, virtually all significant legislation at the Federal, state or local level is the product of compromise and reluctant consensus. (Insofar as discretion is left to administrators by legislative mandates, the tendency is for administrative requirements and practices also to reflect compromise among competing interests.) Thus, extremes tend to be avoided, the "ideal" is seldom achieved and situations are rare in which any parties at interest feel they are the recipients of exactly what they hoped for. A basic factor in this situation is that politicians, especially at the Federal and state levels, can rarely afford to alienate substantial portions of their constituencies. They need to be responsive, but not to the total exclusion of those who are in disagreement. This fundamentally explains why our major political parties are only shades apart on most important issues. For any new social program such as a national health plan, a national income maintenance system or a national educational entitlement for lifelong learning, two points are relevant. First, that the purest ideas, as formulated by professionals and technicians, will surely be compromised during the process of legislative enactment. And, second, that if considerable interest exists in the public for a proposed program, it is likely sooner or later to be espoused, in varying forms, by the two major political parties.

A second characteristic of the political culture is that those with special interests, who seek legislative action, typically do so through mobilizing their supporters to exert pressure on legislators. This may be done by creating special-purpose lobbying bodies, or through alliances with organizations having closely related or associated interests. For example, the education lobbies have found strong support for many of their proposals in the AFL-CIO. Any serious future effort to achieve a general educational entitlement scheme will need to find or develop support among the existing educational lobbies and like-minded groups.

A third characteristic of the political culture is that of shared responsibility--among the branches of government, among the levels of government (Federal, state and local) and between the public and private sectors of society. This is true both in the formulation of legislative proposals and in the administration of programs. It reflects constitutional imperatives, historical experience, philosophic values and practical considerations related to skills and resources. In the formulation of any new social program, the ramifications of shared responsibility would need to be thoroughly explored.

The political subculture of higher education has had unique attributes which in part are at sharp variance from the general political culture. Institutional autonomy and faculty dominance are values deriving from the private nature of such early higher education, the geographic isolation of institutions and the desire to preserve and elevate those conditions of free inquiry associated with quality teaching and research. Notions of compromise and consensus are in some degree antithetical to the academic style of thought. Government has been seen as the gravest threat to institutional autonomy, rather than as the central vehicle for realization of the nation's aspirations. Insofar as governments have historically been involved with higher education, the Federal role has been viewed as residual; the role of the states has been to provide financial support, preferably with few strings attached.

But it is evident that higher education's perspectives about the governmental role are changing. In a report to the National Center for Education Statistics, the Washington office of the College Entrance Examination Board, after surveying the views of many higher education study groups and spokesmen, concluded that Federal policymakers must deal with the following major issues in higher education:

1. Providing equal opportunity for all citizens to higher education.

2. Meeting national manpower needs for the highly educated.

3. Promoting recurrent education or lifelong learning opportunities.

4. Stimulating educational diversity and

5. Encouraging research in the national interest (Christoffel and Rice, 1975).

This agenda would seem to suggest that the higher education community sees the Federal role as no longer residual. And, indeed, the growth of lobbying activity in Washington by the higher education associations confirms this view. In any event, it is noteworthy that promoting lifelong education is seen as a legitimate Federal concern. When taken together with a general recognition that the Federal role should in part be to assure equal educational opportunity, it seems clear that the higher education community supports Federal leadership in directions consonant with the development of a national entitlement for lifelong learning.

A case study of the passage of the Higher Education Amendments of 1972 has drawn conclusions or generalizations about the political process (Gladieux and Wolanin, 1976). These are summarized here because they are highly suggestive for those concerned with pursuing the lifelong learning entitlement idea toward implementation:

1. New policy choices are usually modifications and additions to existing policies, and, where important departures occur, current programs and arrangements frequently serve as models.

This implies that a lifelong learning entitlement program is most likely to build on or grow out of an existing entitlement scheme like the BEOG program, rather than to emerge as a brand new measure. It also suggests that some of the entitlement experiences like those of the BEOG program and the GI Bill may provide useful experience for implementing a lifelong learning entitlement program.

2. Policymaking is conditioned by the basic calendar of American national politics.

The higher education legislation of 1976 is substantially similar to that of 1972. Thus the next opportunity for new or expanded initiatives will be in 1978 when the Adult Education Act comes up for renewal. While obviously those interested in entitlements for lifelong learning would have to engage in extensive groundwork before 1980, that year appears to offer the next strategic opportunity for legislative thrusts.

3. The emergence of issues to the status of public problems is a complex social-political process.

As we suggest below, there are certain dynamics at work in American society which seem to argue affirmatively for entitlements. There are others which may be decisive in postponing consideration of any but the most urgent social problems, e.g., social welfare reform. These dynamics must be carefully assessed if the efforts on behalf of entitlements for lifelong learning are to be realistically mounted.

4. There are multiple and diverse sources of policy options.

The plans and experiences of several states with actual or proposed programs, e.g., New York, Pennsylvania, Illinois and Massachusetts, offer varieties of approaches to entitlements. There is a steady flow of propositions regarding new entitlement schemes (see, for example, McClure, 1976). Some of these are exotic; others quite conventional. Certain features of these proposals could presumably be incorporated into an existing federal entitlement like the BEOG program.

5. The range of policy options is winnowed to a smaller number of "live options" through a complex screening process.

In that process certain factors are significant, as Gladieux and Wolanin point out:

a. Proposals that are supported by good data and lucid arguments fare better.

b. The power and status of those who are the source of a policy idea are important considerations in how well it fares.

c. Policy proposals which are in conflict with the political subculture of higher education, even though that is changing, will fare less well than will those which are clearly consonant with the subculture.

d. Policy proposals which are useful to key political leaders in their efforts to maintain their positions are more likely to be successful.

e. Matters of timing, other than as related to the political schedule, and similar relatively fortuitous circumstances, may have a bearing on the success of a policy proposal. These are frequently unpredictable.

In addition to the politically-related considerations enumerated above, there are several socioeconomic dynamics likely to have an impact, pro or con, on the immediate viability of the entitlement idea. Basic among these is the rise of egalitarian aspirations during the 1950's and 60's. Fostered, fundamentally, by the built-in participatory nature of American government, augmented by historic events, developments such as Constitutional amendments and strategic Supreme Court decisions, e.g., the "one-man, one-vote" ruling, the egalitarian thrust has reached its contemporary zenith during the last ten years. Inevitably, given the requirements of the society for large numbers of highly trained and educated persons, it became clear that a traditionally exclusionary higher education system must open itself to the culturally and economically disadvantaged. For only then could those substantial segments of the population begin to have a solid share in the nation's well-being.

The entitlement idea prospered, of course, under the egalitarian thrust and found its national expression in the BEOG program. At the same time, there has been growing interest in opening up the higher education system through broadening its definition to include proprietary schools and other non-collegiate forms of postsecondary education. Recognition is now awarded to learning which takes place in the work setting. It is acknowledged that higher learning needs may occur at times other than in the years immediately following graduation from secondary school and that useful instruction can occur in other than three-credit-hour, semester-length time frames. Given these developments, the stage is set for national implementation of a lifelong learning program.

But the rise of egalitarianism has fostered other expectations, too. Less fortunate citizens, and their allies, are working strenuously to achieve a reasonable income maintenance system, to reduce unemployment, to get decent housing and adequate transportation, to be assured of medical care at bearable costs and to approach old age without fear of destitution. While, as Gladieux and Wolanin have noted, the public looks favorably on governmental expenditures for education, there are more important items on the citizen agenda. In three 1971 Gallup polls, education ranked between tenth and twelfth among problems identified as needing governmental attention.

While other social programs have been competing with higher education--indeed, all of education--for public dollars, military expenditures have moved rapidly upward. Coping with war and defense, with inflation, recession and widespread poverty have all seemed to take precedence over education on the national agenda. The one exception is the BEOG program which in the last fiscal year totaled about 1.25 billion dollars.

A recent effort to address the burgeoning demands on the Federal government and to reduce the Executive-Congressional conflict over how to control spending is the Congressional Budget and Impoundment Control Act of 1974. This is a particularly significant piece of legislation for those interested in pursuing the entitlement idea since, in part, the Act is aimed at preventing new entitlement programs from coming into being. This is accomplished through requiring annual appropriations for new entitlement programs--appropriations which must be accommodated within Congressional budget ceilings. Thus, the notion of open-ended entitlements appears to be severely constrained by Congressional intent and the law.

II. Major Policy Questions of Policital Significance Related to Lifelong Learning

In the discussion which follows, four major questions of potential political significance related to entitlements are examined. The objective is to suggest why these are important from the political perspective, to indicate some of the types of information which may be useful and available, and to identify needs for more or better information if progress is to be made on the political front. The four questions do not generally cover issues related to implementation; certain of those are discussed in part III below.

1. Are entitlements for lifelong learning needed and what is the evidence?

This is the obvious first question to be asked by politicians and thoughtful citizens when confronted with any new substantial proposal.

The entitlement idea, as such, is already widely accepted both by governments and the private sector in the United States. Industrial and business pension, health and vacation plans are in general use and are, of course, forms of entitlement usually associated with length of employment and participation in contributory systems. On the governmental front, Social Security, unemployment benefits, income maintenance and welfare provisions (including food stamps, supplemental social security, aid to the blind and to dependent children, among other programs) are all parts of Federal, state and local entitlement schemes and are also frequently associated with selected conditions such as length of employment, place of residence, level of income, specified needs or problems, etc.

The entitlement idea is also accepted on the educational front. All citizens are entitled to 12 years of free schooling. Some citizens, depending on special circumstances such as the survival of parents, military service to the nation, or income level, may be eligible for entitlements for postsecondary education. The notable educational entitlements are, of course: the Social Security education benefits, veterans' benefits, the Federal BEOG program and state scholarship programs like New York's Tuition Assistance Program. Most states and territories have at least token postsecondary educational entitlements for low-income citizens. Thus, the proposition that entitlements are desirable has been addressed affirmatively, for a variety of purposes, both by the Federal government and the states.

We know relatively little, however, about the data which were developed by way of justification for the various programs as they were moved through the political process. A review of selected Congressional and legislative hearings could be instructive on this point.

Evidence regarding citizen needs, which may have been presented in the past in support of the BEOG program and its predecessor, the EOG program, would be particularly useful to learn about. We do know that in the first two years of the BEOG program there was less utilization than had been anticipated and that in the subsequent two years it has been necessary to obtain supplementary appropriations because of higher-than-anticipated utilization. The reason, however, may well be found, not in poor projections of need, but rather in effective, timely communication to the user public about the availability of the entitlement. A changing economy may also have been a factor.

When consideration is given to entitlements for lifelong learning, which seems to imply entitlements for all citizens to have publicly supported adult learning opportunities, we may recall that there is only one truly general entitlement in the United States, namely, 12 years of elementary-secondary education for all citizens. Other entitlements are subject to constraints as to who the users may be. Much of the political debate about those entitlements focuses on whether more than designated users are benefiting. In one special case, that of an entitlement to free higher education for the residents of New York City, an argument against continuing this entitlement has been that many who could afford to pay were being subsidized. It is also noteworthy that as resources became increasingly scarce in the City and the State this entitlement was under constant attack and was finally eliminated.

An entitlement scheme for lifelong learning will probably fare best politically if its target population is one with clearly identified needs--perhaps both financial and cultural. The present BEOG program is limited to part-time or full-time undergraduate students with defined financial need. Experience with that program provides solid evidence of the demand for such an entitlement. It does not, of course, shed light on what kind of need exists for a lifelong entitlement, even one limited to a financially disadvantaged part of the population.

Proponents of entitlements for lifelong learning tend to argue in broad, societal terms (U.S. Congress, Senate Committee on Labor and Public Welfare, Subcommittee on Education, 1976). This is understandable, given the great difficulty of assessing who will avail himself or herself of such entitlements, and under what circumstances. Striner, for example, in urging a permanent education and training law giving every worker over the age of 17 the right to pursue, on a full-time basis, up to 24 months of education and training,with all educational costs and a personal income provided, argues that the need is related to the phenomenal growth in the service industry in the United States. He says (1972, p. 9):

> To be specific, in 1947 the goods-producing industries employed 26.4 million people. At that time the service-producing industries employed 25.4 million people. By 1969, a radical shift in these proportions had taken place: in the goods-producing industries employment stood at 27.8 million while in the service-producing industries employment had skyrocketed to 46 million. It is projected that by 1980 goods production will employ 20 million people, while service production will employ close to 60 million people. This phenomenon...represents a tremendous potential for employee mobility as well as constant

training to provide for the skills necessary in our changing service-oriented economy. With continuing displacement of labor in the manufacturing industries at the low end of the skill level, persons remaining in the manufacturing industries will have to be provided with the means of acquiring continuous upgrading of their skills.

Scribner, in addressing the question of entitlements for the National Institute of Education, has proposed an entitlement on the model of the GI Bill for all persons who have dropped out of high school. His argument is essentially presented in terms of social costs (Scribner, 1975, p. 9-10):

> Nor is there any mystery as to the costs of the "dropout problem," both to the individual and to the nation. In 1972, the Select Committee on Equal Educational Opportunity of the United States Senate asked Henry M. Levin, an economist, for a report on the estimated costs of "inadequate education." According to his report, the costs are staggering, to nation and dropout alike. The Levin study focused on American males who were between the ages of 25 and 34 in 1969, men who had not completed a high school education. What did their sub-high school education cost them? According to Levin, the total cost was $237 billion in income over the lifetime of these men; and $71 billion in foregone governmental revenues, of which about $47 billion would have been added to the Federal treasury and $24 billion to the coffers of state and local governments.
>
> In contrast, the probable costs of having provided a minimum of high school completion for this group of men was estimated to be about $40 billion. Thus, the sacrifice in national income from inadequate education among 25-34 year old males was about $200 billion greater than the investment required to alleviate this condition!
>
> In cold economics, the investment not made was foolhardy. Each dollar of social investment for this purpose would have generated about $6 of national income over the lifetime of this group of men. The government revenues generated by this investment would have exceeded government expenditures by over $30 billion!

Those justifications for entitlements, the one put in terms of broad societal changes demanding opportunities for lifelong learning for the entire work force, the other dealing with a limited segment of the population, and put primarily in terms of costs to the individual and to society of inadequate education, are suggestive for future proposals. The latter is able to be somewhat more specific because the target population is clearly identified.

In the pursuit of entitlements for lifelong learning, it seems probable that phasing in a program through addressing a clearly identifiable portion of the population would have political advantages, since the evidence regarding need can be more effectively marshalled. Further, it is likely that a proposal of limited size can be attached to an existing program, more so than would be the case with a sweeping venture like the Striner recommendation. As Gladieux and Wolanin noted, "New policy choices are usually modifications and additions to existing policies...."

For this reason, the lifelong learning addition to the Higher Education Act of 1976 is probably more significant than might appear on first review. For while it emphasizes planning, assessment, coordination, testing and demonstration, and carries only a modest authorization, it could represent an entering wedge to further development of the concept in future legislation.

2. Who, in fact, would use entitlements for lifelong learning?

This is, of course, a different question than that of whether entitlements are needed. Those with political responsibility for authorizing and funding entitlements will want to know as precisely as possible what the public response will be. This is frequently far from predictable. The experience of many entitlement programs is that use is closely related to quantity and quality of information available to the potential consumer, to the ease of availing oneself of the opportunity, and to other factors of a cultural and socioeconomic nature. It was a surprise to the Congress, the Veterans Administration and educational institutions that the veteran population resonded so overwhelmingly to the education benefits in the first GI Bill. The history of that measure suggests there had been an expectation of only modest response. A recent experiment with conducting an affirmatively-oriented public information program about the availability of food stamps for low-income families produced a 35 percent increase in utilization of that entitlement in one region of the country. The timetable, lack of initial publicity, and complexity of establishing eligibility are all offered as explanations for the relatively slow build-up of usage of the BEOG entitlements. In addition, of course, that program was phased in gradually because of the limited funds appropriated for it.

An entitlement program for lifelong learning poses other complexities in assessing who would in fact take up the opportunity. Do most citizens know when they would be advantaged by further education and training? To what extent are biases prevalent in some segments of the population against formal learning? Is adequate information available about educational resources? Do the resources indeed exist for many individuals in many parts of the country? Can employed persons make the necessary arrangements for educational leave? Can those with family responsibilities find ways to meet their responsibilities and still participate in learning?

These questions suggest that a pilot entitlement program may be necessary in order to obtain a much clearer sense of who, in fact, might participate. George Nolfi, president of University Consultants, Inc., has been a prime mover in Massachusetts in the development of legislative proposals for an adult recurrent education entitlement program (see Nolfi papers in this volume). Nolfi has written (Nolfi Memorandum):

> Since one of the most important goals of the Regional Education Opportunity Center Program (REOC) is to reduce the barriers and obstacles faced by the adult population who wish to continue their education, it is recommended that access studies be conducted to assess the demand for postsecondary education (emphasis added) and to analyze the obstacles to study. The data generated by these studies would also provide an understanding of the preferences within the adult population for counseling and instructional services. Another major purpose of an access study...is to develop information on the preferences of the adult public for the location, affiliation, and service of a counseling center.

The Federal government in recent years has begun to use the pilot project as a means of generating answers to many important questions. It has experimented with workers for elementary/secondary education and with the guaranteed annual income. Thus, it would not be a radical innovation to follow the Nolfi suggestion and conduct experimental access studies. This may be the only way to provide reasonably solid answers to the question of who, in fact, would use entitlements for lifelong learning and to permit the future design of a viable program. The "Mondale" amendment, if adequately funded, could become the means to support such an experiment.

3. Who would bear the cost?

The matter of cost of an entitlement for lifelong learning is obviously at the heart of any serious political consideration. The competing demands of other social services, the state of the economy including unemployment and inflation rates and international commitments, all enter into the equation which determines what resources might be available for a major program like educational entitlements.

The political philosophy which prevails in Washington is a significant factor. At the present moment, it is difficult to judge whether the government over the next four years will be liberal or conservative in tone. The fact of unprecedented peace-time budget deficits cannot, however, be ignored by the government, whatever its complexion. Thus, fiscal conservatism seems to be a near certainty. Coupled with that probability is the mood of the leadership in both major parties to reexamine the question of whether Federal involvement in the life of the nation may have gone too far. While some may see such involvement as inevitable in view of the complexity of the nation's needs and the attendant requirements for central policymaking, a period of critical reappraisal of the Federal role seems inevitable.

Nonetheless, there appears to be general agreement that a national entitlement program for lifelong learning must be financed by the Federal government. This is implied in the previously referred to CEEB Report on Federal Policy Issues and Needs in Postsecondary Education. That Report, drawing on the views of national authorities on higher education, sees Federal policy responsibility as including both the provision of equal educational opportunity and the promotion of recurrent education. The models described elsewhere in this volume by Levin and Kurland presuppose Federal funding.

Herbert E. Striner's proposal, previously referred to, would make continuing education the right of every worker under a national entitlement scheme. Financing would be as follows (1972, p. 71):

> The...act should federalize all state unemployment insurance funds and connect them into a National Economic Security Fund. The NESF would fund both the new education-training program and unemployment security benefits....Two years after enactment of the new law, the NESF should be supported by a 1.5 percent payroll tax, shared equally by the employer and the employee on all wages up to $9,000. The objective would be that of producing sufficient income to fund training and stipend costs as well as unemployment security benefits....

Charles S. Benson and Harold L. Hodgkinson have proposed an entitlement scheme which has as its goal moving away from a regressive system of distributing educational services and shifting the distribution of income from older to younger families. They say (Benson and Hodgkinson, 1974, p. 119):

> First, the practice of charging low or zero tuition fees in public institutions should be continued. Second, all students, regardless of parental income, should be provided maintenance grants to $2000 for four years. Third, all students should be provided tuition grants up to the value of two years' worth of fees in representative private institutions. Fourth, these financial arrangements should be accompanied by a supplementary, national income-contingent loan plan. Fifth, to avoid discrimination against persons who do not choose to attend college immediately after high school or who are not eligible at that time, the financial arrangement should be available at any time during a person's adult life, for discontinuous or part-time attendance.

Funding here would be shared by the states (low or no tuition) and by students (income-contingent loans), but primary responsibility would rest with the Federal government to provide the maintenance grants and the tuition grants for study in private institutions.

Harvey B. Scribner's career education entitlements, discussed above, for those who have dropped out of high school, would be Federally financed.

The BEOG and the GI Bill are both, of course, Federally financed.

It seems clear that proponents of new entitlement plans, and current practice, confirm that the cost of entitlements must be borne by the Federal government.

What that cost amounts to is, quite obviously, a crucial question.

Kurland notes that under his proposals certain expenditures for existing programs might be reduced, "so that the net amount of new money required could vary from almost none to about $6-$7 billion annually depending upon how large the entitlements are to be and which current programs are displaced."

Striner estimates that his proposal would cost between $6-$7 billion.

The major Levin proposal carried no cost estimates. Honey and Hartle, however, attempted to cost out a proposal and concluded the following (Honey and Hartle, 1975, pp. 11-12):

> Based on an age-eligible national population of 140 million and assuming a 50 percent participation rate (derived from GI Bill experience for high school graduates) we foresee an annual bill of $175 billion at least in the early years. This might be reduced by $10 billion through phasing out about half of Federal and state current investments in postsecondary education (a rough estimate by Cartter and Dresch as to what current dollars might be eliminated under a general entitlement scheme). A 10 percent participation rate would cost $35 billion which presumably could be reduced by $10 billion.
>
> Assuming a 60-40 percent grant/loan division of entitlements, the grant portion would amount to $99 billion (50% participation) or $15 billion (10% participation).
>
> Another approach to calculating costs would be to consider phasing in the PSE by making it available only to 18 year olds as they reach that age. Since there are currently about four million 18 year olds, the annual cost of full funding of PSEs would be $4 billion. Approached in this manner, it would take about 50 years to have the PSE, as a lifelong resource, available to virtually all citizens.

When we recall that it has taken four years for that much more modest BEOG program to begin to approach full-funding at the relatively limited sum of $1.4 billion, the unlikelihood of the Congress underwriting any of these more costly schemes in the near future becomes clear.

We are thus led back to the BEOG and the Mondale provision for initial steps toward lifelong learning. Part B of Title I of the Higher Education Act (lifelong learning) carries an authorization of $20 million for the first year, $30 million for the second and $40 million for the third. Political realities would seem to suggest that the most promising route would be a gradual broadening of the BEOG (not limiting it to the four undergraduate years, for example) to bring it into closer juxtaposition with the goals for lifelong learning sought under Part B. The identification and costing out of selected broadening steps for the BEOG would appear to be a politically useful direction in which to move. At the same time, examining more completely how there might be cost-sharing among the Federal government, the states, individual participants and educational institutions could be a route to enhancing serious political consideration of the entitlement for lifelong learning idea.

4. What are the respective roles of the Federal government, the states and institutions in carrying out an entitlement scheme?

Federal policy toward postsecondary education has developed in a piecemeal manner and has led to the current situation which is characterized by a myriad of programs directed toward a variety of goals. Several key Federal officials concerned with postsecondary education policy-making recognize this chaotic situation. For example, the Deputy Assistant Secretary for Education (Policy Development) in HEW has observed that every time a new initiative is contemplated, "the waters are muddied" by uncertainties over what assignments of responsibility should be proposed for the various participants in the postsecondary system.

In general, the Federal government's approach to postsecondary education appears to be as follows: lacking a guiding philosophy with respect to Federal-state-institutional relations, Congressional designers of very complex legislation, such as that contained in the Act of 1965 and its 1972 and 1976 amendments, have produced a veritable hodge-podge of policy approaches. Some have recognized that the states play a central role in postsecondary education. Some have had the appearance of exorcising the states. Some have made institutions or students the sole point of contact. A further complication has occurred when the Administration appears uncertain about where it stands, as seems to have frequently been the case since 1968. In spite of rhetoric about a return of responsibility to the states, practice has been erratic at best.

Institutions, as we have previously remarked, are inherently wary of governments, Federal or state. They anticipate that government influence is accompanied by a loss of autonomy and academic freedom. This attitude is so deeply ingrained in the academic subculture that to change it requires substantial ingenuity. If the effort is successfully brought about in connection with the development of any specific program like entitlements, we would suppose that the political support for that program would be very strong indeed. Such change is most likely to occur as institutional participants feel that their increases are being seriously assessed and taken into account in the formulation of the legislation and the framing of implementing regulations.

In delineating the probable roles to be played by the Federal government, states and institutions in any entitlement scheme, we could talk in the abstract, could illustrate from a proposed entitlement, or could draw on actual experience. We prefer the latter. The absence of a specific plan makes it difficult to see roles and attendant problems. Proposed plans are usually quite general, and as we have commented, most of them view entitlements as primarily a Federal activity.

The BOEG program, on the other hand, provides us with the opportunity to review the successful and not so successful aspects of an existing, although limited, entitlement program. Experience with the BEOG, even though it is a Federal program funded entirely by Federal dollars, permits the states, the institutions, and the Federal government itself to address questions regarding each partner's appropriate role as a more comprehensive entitlement scheme is designed.

While the states do not object to awards going directly to students rather than to institutions, some few of them, at least, would like to see allocations made to the states with either state scholarship or student aid agencies administering the funds. A House-approved addition in the current Higher Education Amendments would provide for experimental administration of the BEOG program by up to five states. The states likely to apply to participate in the experiment are ones with strong student aid administrative infrastructure. It is said that there are some political advantages for those states to take on new administrative duties under federal programs since it reenforces their requests for administrative funds to their own legislatures.

Irrespective of that, however, is the need for states to have accurate data on BEOG recipients in their states. Virtually all states have their own state scholarship programs. Some build explicitly from BEOG; all would like to take it into account as they plan, develop and administer their own programs. Thus, a primary state role in any national entitlement scheme like BEOG is to see that the Federal program is used as a "floor" upon which the state can then build its own student aid program.

Another element in the student aid picture from the state's perspective is the impact, if any, entitlement schemes may have on private institutions. New York's Tuition Assistance Program is designed to aid students from lower-income families. The payment of a differential entitlement, depending on the tuition charged by the institution being attended, is also a means of aiding private institutions. A number of states are now grappling with schemes to aid their private institutions, a politically sensitive issue both among private and public institutions. An entitlement like the BEOG is only marginally involved with this issue although presumably, when better data are available, we may find that

BEOG money indirectly provides a significant subsidy to some private institutions.

Most states are now also engaged in the planning and coordination of postsecondary educational activities, to some extent stimulated by the "1202 Commission" provisions of the 1972 Amendments. The politics of these state planning bodies and of the state 1202 Commissions are studies in their own right, some of which are now under way. Obviously, the impact of Federal entitlements on a state's "learning population" is of great significance.

States also have an emerging and important role to play in determining which institutions should be eligible as education and training resources for recipients of entitlements. Additionally, they are viewed as the probable prime locus of responsibility for providing information, guidance and counseling services, so essential to the successful implementation of any general entitlement. These latter matters, and some of their political ramifications, are discussed in part III.

Within institutions there is interest on the part of some financial aid officers in being the direct administrators of the BEOG program. Their argument is that since they have the responsibility for packaging the various forms of student aid, they should be able to start with the program which provides the "floor." The argument, politically almost unassailable, that students should vote "with their feet" by having entitlements to take to whatever institution they choose, will probably preclude any serious effort to devolve entitlement administration to individual institutions even though a system could presumably be devised which could still keep student choice intact.

Institutions are, of course, deeply involved in need determination for other than the national entitlement--in this case the BEOG. They have lobbied energetically through their associations to bring more simplification and consistency into the need determination process.

The most important institutional role, that of the delivery of educational services, is discussed in part III in connection with program evaluation.

The partnership thesis, under Federal leadership, is an apparently reasonable one. As one views the differing and sometimes competing interests of the partners in the conduct of an entitlement program like the BEOG, it is evident that if there is to be reasonably satisfactory accommodation to those interests, views from the states and from institutions must be brought to bear during the drafting of legislation; during legislative hearings; after passage, in the writing of regulations; and in an advisory way during the on-going life of the program. This is a tall order, especially if one realizes that positions should be backed by reliable data--a good deal of which is probably not available at present.*

III. Political Issues Involved in Making Entitlements Operational

In addition to political issues related to broad policy questions, as discussed above, there are many political questions which will arise during the process of implementation. Three of the more important issues in making an entitlement program operational are discussed here in terms of some of the types of political questions which may present themselves. This brief discussion is not intended to be complete from the view point either of the implementation process or of attendant political matters.** Rather, the objective is to illustrate that the politics of entitlements extend beyond settling broad policy parameters to the translation of policy into action. This, of course, is true of virtually every significant law.

The implementing issues which we will consider are the following: determination of the eligibility of educational and training institutions to receive students holding entitlements; information and counseling services and responsibility for supplying those services; and evaluation of the results of the education and training provided from the viewpoints of the governments involved, student consumers and the public at large.

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*For example, we still know relatively little about the structures and capabilities in the 50 states for administering student aid. The Education Commission of the States (ECS) is currently studying State Student Incentive Grant Programs and State Scholarship Programs under an HEW contract. ECS also is conducting a study on State Policy and Private Higher Education. The National Center of Higher Education Management Systems (NCHEMS) is conducting a study called the State Level Information Base Project. And Lyman Glenny of the University of California (Berkeley) has recently completed a study of budgeting practices in higher education in the states. These and similar research activities will begin to address the information gaps which are now so extensive.

**These matters are covered more fully elsewhere in this volume. (Ed.)

1. Determination of Institutional Eligibility

As very substantial Federal funds become available for postsecondary education and training through the GI Bills, Social Security Survivors Education benefits, the BEOG program or some other kind of entitlement, it is evident that much is at stake for both institutions and users.

When the emphasis was on collegiate higher education, reliance on the judgment of the privately sponsored regional accrediting associations, which determined the collegiate institutions to be granted accreditation, served as appropriate means of assuring that public monies would be well spent. In a rough way, there also appeared to be protection for the spenders of those monies, namely, the holders of educational entitlements. However, as the view of education beyond the high school expanded to encompass training provided by proprietary and vocational schools, and as questions began to be asked about the relationships between accreditation and eligibility to receive Federal funds, the old system came under critical scrutiny.

The most searching examination of the accreditation-eligibility issue has been made by Orlans *et al.* (1974).

After reviewing some of the drawbacks in relying on state agencies for eligibility purposes, e.g., diversity of standards among the states, quality of staffs and accessibility to political pressure, etc., Orlans, *et al.* return to the idea of a dual arrangement: continuing to use the word of the accrediting associations but also having in the U.S. Office of Education a staff which sets and enforces its own standards of eligibility and withdrawal of eligibility. Thus, there would be accountable public officials operating from a base of published criteria, at least insofar as eligibility is concerned.

Whatever the resolution of this matter in connection with entitlements for postsecondary education, it is certain that the interests, both institutional and individual, involved will make substantial use of the political process to assure that they are fairly served.

2. Provision of Information and Counseling Services

One of the remarkable ambivalences about general entitlement programs of the Federal government relates to whether citizens should be informed that such programs are available. Some, like the BEOG, have gradually built up their public information services. The Supplemental Security Income program is providing good publicity. But in the case of food stamps, efforts to inform the public of their potential eligibility have apparently been looked on with skepticism by Washington. Obviously, costs go up when eligibility programs are used by more people.

It is probable that the issue of whether or not information will be widely disseminated about an entitlement program is almost entirely political at base. The Ford Administration wanted to reduce sharply the use of food stamps--a creation of earlier Administrations, and part of the Great Society's War on Poverty effort, in order to reduce the level of Federal expenditures.

The apparent lesson for any new or evolving educational entitlement for lifelong learning is that the requirement for dissemination of information should be built into the authorizing legislation. This can better assure that whatever the future vicissitudes of party control in Congress or the White House, citizens will be provided with the necessary facts to judge whether or not they wish to avail themselves of the opportunity.

A crucial element to the success of lifelong learning entitlements would be the provision of guidance and counseling services to both current and potential students.

Two problems having political implications need to be addressed in connection with the establishment and operation of such services. It has been found that the requirement of paying even a very modest fee for such services acts as a deterrent to their use. The central importance of guidance and counseling in lifelong learning strongly suggests that any entitlement carry with it the provision that a limited sum of the entitlement--perhaps $100--be available to pay for this kind of assistance.

The second matter is assuring that the nation is adequately blanketed with services of the kind provided by New York State's Regional Learning Service. While it would seem reasonable that such services be organized on a state basis, it is probable that Federal standards and Federal funds will be required to assure uniform national coverage. A move in this direction has occurred with the inclusion in the Education Amendments of 1976 of provisions for establishing and funding Educational Information Centers in every state (Title IV, Subpart 5). Persuading those who are concerned with excessive Federal involvement in postsecondary education that such leadership is called for will be a political challenge for proponents of entitlements for lifelong learning. One of the possible approaches to addressing this important matter could be for the Federal government to participate in the development of other regional learning services in order to clearly identify the nature and volume of Federal investment which is called for in order to establish successful services of this type.

3. Evaluation of Entitlements

The political ramifications of program evaluation are, of course, potentially large. The government with funding responsibility for an entitlement program will have set standards regarding who the beneficiaries should be. If, as is likely, the entitlement is a Federal responsibility, the Congress will need to be informed about success of delivery. Supporting information regarding quality of services provided will also be valuable in connection with continued Congressional support. The office of the Assistant Secretary for Planning and Evaluation in the U.S. Department of Health, Education and Welfare is currently the locus of evaluation research; we may assume that some evaluative studies would emerge from that quarter. In addition, in the case of a major entitlement program, the Congress could request appraisals from the General Accounting Office. Both quantitative data on numbers and income levels or other sub-categories of the population being served, and qualitative evidence regarding the nature of programs and services, might emerge from evaluations made at this level.

With the growth of concern about consumer protection and satisfaction, we may assume that both the funding governments and organizations representing consumer interests will be involved in appraising consequences of an entitlement program. We may also assume that individual institutions will engage in evaluation, both in response to requests from government and outside interest groups and to appraise the effectiveness of their own performance.

The transition position of most educational institutions between operating as autonomous units, or at best as relatively independent entities within a state system, as they had in the past, and operating as self-acknowledged participants in a public service enterprise, as they actually do in the present, leads to many ambivalences. Much of the data requested and needed for evaluation by governments is looked on skeptically by institutions. Overcoming the pretense of autonomy is essential to the critical, meaningful evaluation of institutional programs. As we have previously commented, the delivery of services at the institutional level is the payoff point in the broad spectrum of activities from conceptualization of a lifelong learning system to ultimate implementation. How well this is done will be evidenced through the continued political support that is achieved.

The permeating influence of political considerations, as Kurland noted in the quotation at the beginning of this paper, very much governs what may be done next in pursuing the idea of entitlements for lifelong learning. Thus, it would appear that we must take seriously the incremental manner in which much--probably most--new public business is developed. We also need to recognize that while there are diminishing reservations about the appropriateness of the Federal role in espousing lifelong learning, this is scarcely a high priority item on the public agenda.

To move incrementally means that we build from where we are now. The obvious point of departure is the BEOG program. Senator Mondale, with his keen interest in lifelong learning, has seen this and used the occasion of the 1976 revisions of the Higher Education Act of 1965 successfully to introduce his own relatively modest lifelong learning proposals, which have been incorporated as Part B of Title I.

One of the useful moves which might be made by those espousing the lifelong learning idea would be to hold a working conference, attended by persons thoroughly familiar with the BEOG program and by others, Federal and state legislators and officials and foundation officers, with lifelong learning interests. The specific objective of this conference would be to develop a set of proposals for modification of the BEOG program to move toward the lifelong entitlement concept. A second objective might be to indicate the types of studies which should be undertaken in order to make assessments of user response and of cost of the several proposed modifications. Among other ideas to be explored would be the actual testing of proposed modifications in a state or region in order to obtain more accurate assessments on user response and of cost.

A clearer indication of where support resides for the lifelong learning concept is revealed through analysis of the hearings on Senator Mondale's proposals and on the EOG and BEOG programs.

While it seems clear at this writing that the lifelong learning idea, as a national entitlement scheme, is not high priority on the public agenda, that situation could change rapidly. Many pollsters are taking readings on citizen priorities. It would be of interest to test the entitlement idea against other measures, e.g., health insurance, a guaranteed annual income, etc., both at this time and in the next two or three years to observe any changes in priorities which may be occurring.

Similarly, testing interest in subgroups of the population, for example in labor unions, among agricultural workers, teachers and other categories of "service" personnel, might provide interesting indications of potential support and possible need.

While the assessment of training and education needs for larger segments of the population is fraught with great uncertainties, this is a matter which could profitably bear examination, by manpower experts, in the context of entitlements for lifelong learning.

A few states have had experience recently in trying to inaugurate entitlement programs, e.g., New Jersey and Massachusetts. What has been the political support for these endeavors? Who has opposed them? A series of case studies on state political experience with entitlements in postsecondary education could be highly instructive.

Much of the experimental work has now been done by the Regional Learning Service of Central New York to determine how a regional guidance and counseling service should be organized, staffed and operated. We do not yet have, to our knowledge, a carefully developed national scheme for guidance and counseling services--a crucial companion-piece to any national entitlement plan for lifelong learning. The development of plans for such a national system (organized by states and/or regions?) with projected cost information, staffing requirements, allocations of responsibility among governments, etc., would be a valuable background piece to aid progress toward achieving the national entitlement idea.

The evaluation of programs has become both professionally sophisticated and a political necessity in recent years. In anticipation of moving the BEOG program in the direction of the lifelong learning entitlement idea, it may be useful to examine current and proposed evaluations of that program; to anticipate what types of appraisals may be needed for consumerism purposes, and to lay evaluation plans for governmental and political purposes, as we approach the rewriting of postsecondary legislation in 1980.

A final word with respect to these suggested next steps is this: the biggest factors in determining whether there will be substantial progress toward achieving a national system of entitlements for lifelong learning lie well beyond immediate matters of political strategy, or technical consideration. Whether the international situation permits a diminution of military outlays; whether the domestic economy can be brought through the transition of an essentially non-military base of operations without great turmoil; whether we move expeditiously to alleviate poverty at home and to share in its relief abroad, and whether we take those other pressing measures to create a healthier, better-housed, more fully employed citizenry--are all contingencies which would appear to have a bearing on our becoming a society with ample lifelong learning opportunities.

Given the complexity of that agenda of contingencies, and also recognizing that the goal of truly becoming a learning society is a worthy and civilized one, it would seem important to prepare for the political challenges ahead. One of the key means will be for all interested to keep abreast of political developments as they bear on and affect the lifelong learning concept.

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